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THE UNIVERSITY OF LONDON

# FINANCIAL TIMES

**Steel  
Stockholders**

**HALL BROS**  
(West Bromwich) Ltd.  
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YES

## NEWS SUMMARY

GENERAL BUSINESS

**Ennals to act on 'dole holiday'**

Gilts and equities gain as £ improves

• STERLING improved, possibly in a late reaction to the rise in U.K. reserves. After touching a peak of \$1.7855, the pound closed at \$1.7845, up 60 points on the day. Its trade-weighted depreciation narrowed to 28.5 (28.7) per cent; dollar's narrowed to 13.6 (13.8) per cent.

• GILTS strengthened as tight money market conditions eased. Gains ranged to 3 at the close. Government Securities Index rose 0.33 to 62.20.

• EQUITIES were given fresh impetus by sterling's performance and the improvement in the trading market. FT 30-share Index closed at the

day's peak of 373.2, up 4.8. Gold Mines fell on news of fresh South African troubles, but rallied in line with the bullion price. Their index closed at 145.2, down 2.7.

• GOLD rose \$1.25 to \$114.375.

• WALL STREET rose 1.95 to 950.5.

• U.S. CAR INDUSTRY will be the target of an anti-trust investigation by the Federal Trade Commission—the first federal study of the industry for 30 years.

The Commission will also look at the practices of foreign importers. Back Page

• LESS TORY cash

Conservative party donations to the Con-

servatives dropped last year by

£100 million, two-thirds compared with

£150 million per annum.

Circumstances published by the Labour Research Department show the Conservative Party as an independent trade unionist organisation, showing

that its total giving was £100 million.

See also Conservative Party, Back Page

• 150m/ stockpile plan approved

STEEL CORPORATION will

spend £200m this year on a stockpile scheme.

The Government last night announced its approval

of the plan, for which it will give

financial assistance. Back Page

• CAR LAMPS law

aversing lamps, red fog lamps

the back and four-way hazard

warning devices must be

fit to all cars manufactured

Britain after October 1 next

the EEC Council of Ministers said. Page 11

• CHEMICAL check

British company has shut

temporarily a plant making a

similar chemical to that released

in an explosion in a chemical

plant in a town in the United States.

Chemical Products of Birming-

ham, near Cheshire, Derbyshire, says that it wants to make

sure there is no danger.

• BIBLE remains the world's

most translated book, but Lenin

is the most frequently translated

author. Again, Christie just

above the United Nations

Educational, Scientific and

Humanitarian Organisation said.

• BRIEFLY

Inner of the August 275,000

premium Bond prize, 2RN

7890, lives in Kent. The

£2,000 winner, from Merseyside,

is CW 33227.

• GOVERNMENT has selected criti-

cials made in May in the select

committee report of its handling

of the 1975 Cyprus crisis. Page 7

• VIETNAM Embassy in The Hague

asked Viktor Korchkin, chess

master who defected last

week, to submit to an interview

with diplomatic staff.

• BRIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise

indicated)

RUBLES

• CURRENCIES

• STOCK EXCHANGE business

last month fell 18 per cent, to

the lowest since last September. Page 17

• COMPANIES

• RIZZI group's Comzine Riotinto

of Australia is to make a one-

for-one share offer for the re-

maining 26.5 per cent holding

which it does not own in Aus-

tralia. Minining and Smelting. Page 18 and Lex.

• AMALGAMATED INDUS-

TRIALS has agreed to dispose of

its entire holding in Herbert

Morris, provided that it keeps

Board representation until then.

Back Page

• LETRASET is bidding for

Winton Newton, offering four of

its shares plus 22p for every

five shares. Page 18 and Lex.

• FALLS

Anglo Am. Inds. 420 + 40

Anglo Transvaal Inds. 78 - 8

Ireland (E.) 9 - 5

Lamson Inds. 68 - 5

Stansleylands 18 - 3

Thomson Org. 34 - 4

Anglo American 210 - 10

BB South 208 - 12

Bishopgate Plat. 90 - 40

Cons. Murchison 760 - 40

Kings Gold 330 - 20

Leeds 228 - 12

Mont Laur. 45 - 10

Perf. Plastics 225 - 10

Pot. Plat. 130 - 10

Prudential 210 - 10

Reed & Barton 320 - 5

Swansea Eng. 35 - 5

Wills Francis 35 - 5

Winton Newton 200 - 5

LOMBARD

# The banks should be grateful

BY MICHAEL BLANDEN

RATHER THAN complaining which the suitability of banks about the deposit protection proposals in the banking supervision White Paper, the clearing banks should be grateful that the Government's ideas have turned out so much in the interests of the established banks.

They plainly owe a debt to the influence which their mentor, the Bank of England has brought to bear on the new thinking. The changes proposed could have been much more dramatic.

Looking back on the events of late 1973 and 1974, it is apparenting that the consumer protection lobby has not been more vociferous about the obvious weaknesses in the supervisory system shown up by the fringe banks crisis. The Bank and the clearing banks, successfully averted the worst consequences of those excesses by initiating the lifeboat support operation, ensuring that no small depositor lost his money.

## Basic defects

This operation, together with the strenuous efforts which the Bank has since made to improve and extend its supervisory activities, has taken the sting out of the problem. Nevertheless, basic defects have been exposed.

The Bank could no longer ignore the companies which it had regarded as falling outside its main concern with the primary banking sector nor sustain the existing muddled progression of banking recognitions. And the authorities, including the Bank, were clearly open to criticism for failing to quickly enough the dangers not only for the companies directly concerned but also for confidence in the banking system as a whole.

It is possible to imagine circumstances in which these criticisms could have led to far more radical and aggressive changes in the banking supervisory system. It might have been tempting, for example, to have set up more rigid and restrictive regulations governing bank activities than are envisaged in the Government proposals, which would undoubtedly have been unacceptable to the banks.

There could have been moves towards greater formality in the system and particularly to ensure the detailed involvement of Parliament—possibly through other departments than the familiar channels of the Bank and the Treasury.

In the event, the White Paper establishes the Bank firmly as the source of supervisory wisdom. Recognition is given to the need for published criteria by

## Small depositors

The clearing banks are being disingenuous in arguing that the deposit insurance fund should be unnecessary if the supervisory arrangements really work. It is reasonable to hope that the new rules should prevent the recurrence of a crisis on the scale of 1973 and 1974, but as the banking supervisory system recognises it is unrealistic to assume that small depositors will never again be threatened by the collapse of institutions in which they had placed their confidence.

There are arguments against deposit insurance, particularly if it removes all incentive for depositors to exercise judgment in placing their funds and gives encouragement to the greedy—which is what the Government is thinking of making the deposit protection less than a full 100 per cent. But if the clearing banks feel they will be put in a position of helping to carry their smaller competitors, this must be a small price to pay for the generosity with which they are being treated in other respects.

FOLLOWING the accident at the Seveso chemical plant in Northern Italy, involving the release of dangerous gas, Coalite and Chemical Products, of Bolsover, near Chesterfield, has temporarily shut down a plant making a similar chemical so that further checks can be made.

Mr. Charles Needham, managing director, said yesterday, the company was satisfied

## RACING

BY DOMINIC WIGAN

# Creetown poses a challenge

A YEAR AGO Frankie Durr had something of an armchair ride when Amador led from start to finish in the Brighton Sprint Handicap and it will be interesting to see if he has as few problems on Overtown this time.

Bob Turnell's top class sprinter has already landed two valuable sprints this season in the Crocker Buteel Handicap and the William Hill Sprint, and it will come as no surprise if he defies his formidable burden of 10 stone.

However, on this occasion one whom I just prefer is John Nelson's equally smart four-year-old Creetown, who has shown his appreciation for this course a number of times.

Creetown, a winner three times from nine starts this year, probably ran his best race since his two-year-old days when giving the well-backed Yankel 23

pounds and a three-length beating in the Craven Handicap at Epsom on Derby day.

If he can reproduce that form here he the Upper Lambourne four-

Songrazil, appears to be a reasonably safe "getting out" medium.

Turnell's Porto Bello filly has come on a great deal in recent weeks, and just under a month ago she showed her liking for this undulating and cambered track when getting the better of the year older Vrondi, from whom she was receiving only 5 lb. in the competitive Black Man Stakes.

Ian Jenkinson, who gets on so well with her, is again in the saddle, and I shall be surprised if the combination does not prove too strong for another course winner, Dusky Damself.

For the best, backers

might be advised to look to Pontefract, where Merry Tudor seems to stand out in the Stewards' Handicap. This colt's recent four-length victory over

Jacyking at Ayr looks to be a fine effort after the runner-up's

stablemate, easy victory there on Tuesday.

## COWES WEEK

BY ALEC BEILBY

# Amey collects his first prize

RON AMEY collected his first start until caught by Ernest Duer's Brother Cup who, later, yesterday aboard the remarkable Noryema — remarkable yacht of the fleet.

Milene, in fact, led on handicap at the end of the first round when she was one of the three racers in the successful British Admirals Cup team, she has sailed by some of the veteran team from the Hamble led by Dave Johnson who captained the Swan 44 Superstar as well three Pater series in June.

They seem to have been few weeks during the past 12 months when Noryema has not been racing or travelling to or from the world's leading offshore events.

The race for Class 1 cruisers was one of the best of the week so far, with the Swan 47 unbeaten week as decisively as Milene getting the best of the

year-old should be able to get the better of Overtown with whom he has a 4 pound weight advantage.

In the closing event, the Edington Handicap, Overtown's improved

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To-day, the heavyweights race for the second major prize of the week, the New York Yacht Club Trophy.

With no time limit and the promise of fresh winds, it is very probable that the race officials will set one of the longer courses either eastwards to the depth of Spitshead or, if the wind shifts out of the north to the west, to Lymington and all points westward.

The company is the only one in Britain making the chemical from which TCDD is produced—a by-product of the chemical which was involved in the Italian explosion.

An explosion at the plant in Bolsover, in 1968, killed a chemist and led to 78 people suffering contamination. Since then a new plant has been built with automatic safety procedures.

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THEATRE

The Royal Ballet's Big Blue Top and the Covent Garden company are in Plymouth for seven days (this is the last of three weeks in the city's Central Park). With the golden summer we have been having in the years since the Royal Ballet went under canvas (does the sun shine come with their tent?), the enterprise has been markedly successful. Plymouth has responded to an all-too-rare chance to see the Royal Ballet with crowded and very responsive audiences, and the company—as I saw on Monday night—is in grand form. The problems with the Big Top which we noted in Battersea Park two years ago—strange breakings, some impossible sightlines, de-testable racket from aircraft to draw the orchestra—are avoided in Plymouth, and Romeo and Juliet has not needed any too-dramatic cutting of scenery to fit on the broad (but still rather resonant) tent stage. Georgiadis' permanent setting looks well, and there is plenty of room for the dancers.

The tent stage is very forward-projecting for dancing. We are at much closer quarters with the company's interpretation than at Covent Garden, and I was impressed by the detail and integ-

## The Venice Biennale

## Environment, Participation and Cultural Structures by WILLIAM PACKER

The organisers of the Venice Biennale, having decided upon their brave attempt to achieve the unlikely, seem to have done some kind of a job. They decided that Success would make probably afford them more than should certain changes be made. The idea of a competitive international extravaganza already seemed inappropriate when the last Biennale floundered on the rocks of political and social interpretation and intervention in the Arts, going down apparently with all hands. This time altogether there are to be no prizes, no victor Juddism. And in their places certain themes have been suggested to the participating nations in the fond hope that the spirit of truth, unity and concord will follow, or at least some degree of co-operation and coherence.

Cast as they are in the cultural jargon of the seventies, Environment, Participation and Cultural Structures sound well enough and, though the moment soon passes, seem even to mean something; but they do require the most carefully considered amplification and justification, which unfortunately are not forthcoming from the countries, such as the United States, whose bland response has been to offer a safe package of official painting and sculpture, are not to be encouraged. Too severe a form of censorship may lead to turn to Venice herself to see if she has demonstrated the power that painting and sculpture have always enjoyed and always will, to command and condition the Environment in which we find ourselves, the part we play directed no doubt by such Cultural Structures as Pleasure, Commerce and Religion.

However, though tiresomely trite such labels may well support some good ideas, and so it proves. The better shows, whether national or international, are those that make some effort at least to conform to the themes laid down. And with Architecture, the most obviously environmental and participatory of the Arts, accepted as the equal of the other visual disciplines, the point is well made. At the ex-Chiesa San Lorenzo an exhibition devoted to Italian Architecture during the Fascist Regime shows us just how vital and original the work of that period was. Fascism had the art of the artist's pre-occupations, taken into three dimensions: and to decade, which lead us finally to consider the role of the State as the primary commissioner of new building during the thirties. It is an effort, if modest, to understand historically, and pleasing aesthetically, full of good drawing and ingenious answers to particular questions, from the first track on the roof of the Fiat factory in Turin to the smallest seaville villa.

Back at the Biennale's central pavilion in the Giardini di Castello are the two largest and most ambitious of all the exhibitions, and one of them, Ambiente Art, is very good, an admirable synthesis. It consists in part of contributions made by living artists, and it traces a particular strand of Modernism from that heavily overblown word, all but an insult in itself (as Mr. Foot modestly admits), to the heroic age of 50 years ago into the more indulgent present.

The show deals with space

itself as the material of Art's

definition and physical limits to

make a comprehensive survey

of the most polemical points in

the art world. We are given accounts of the work done in the twen-

ties. The Robbins Report on Higher Education through a series of wall-charts, statistics and explanatory essays, and Hans Haacke who treats us to a deadpan, and admittedly witty, presentation of the declared policies and implied social attitudes of Mobil Oil. Between these extremes of intention and achievement, we run the gamut of most contemporary styles and processes, from photo-realism to abstract expressionism, with a depressingly small proportion of it carried through with any confidence or grace.

The other half of the central pavilion is filled by an exhibition portentously entitled Spain—Artistic Avant-garde and Social Reality. It is a brave and wise show making none of the glib polemical points we might have expected from its definition and physical limits to make a comprehensive survey of Spanish art in the visual arts. The Civil War, it carried through with any confidence or grace.

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## EUROPEAN NEWS

Turned  
out nice  
again  
for the  
West  
Germans

BY ADRIAN DICKS  
IN BONN

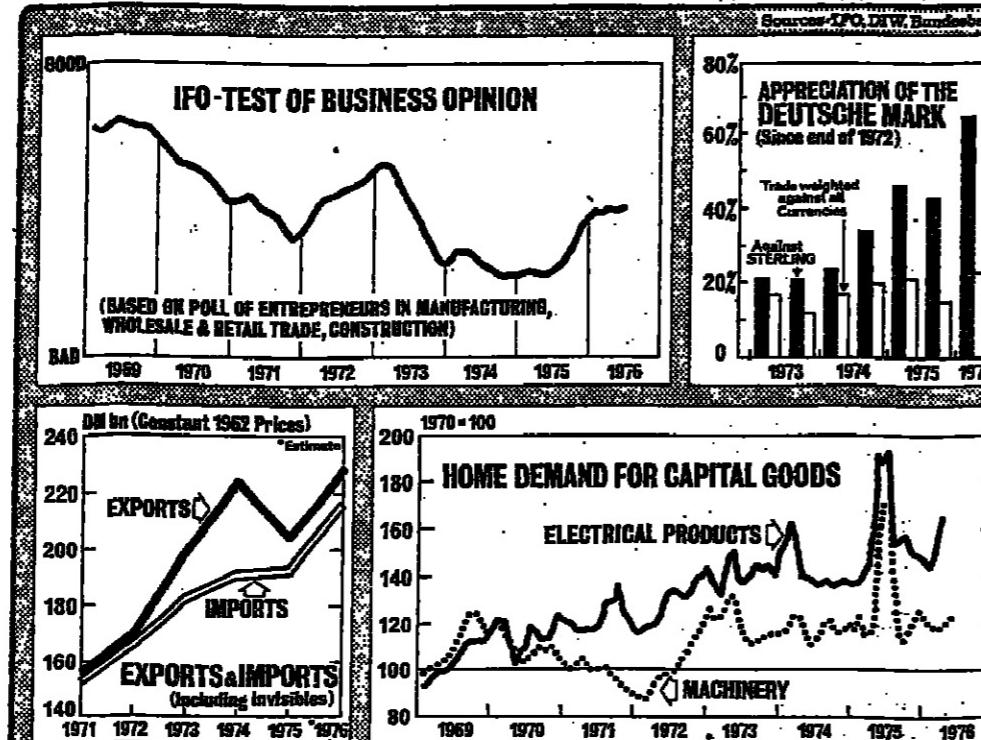
**BARRING** circumstances that no one can at present foresee, the West German Bundestag elections are going to take place on October 3 under economic skies as cloudless as they can be. The recovery of the economy, which began in the middle of 1975 and picked up momentum during the winter, has slowed down to a more leisurely pace as the process of rebuilding depleted stocks has gradually been completed.

Estimates of Gross National Product growth during 1976 as a whole, having started very cautiously around the 4.5 per cent mark at the turn of the year, have settled down around 6.5 per cent. The Bonn Economics Ministry, in its latest official report, plumped for 6 per cent a few days ago. The OECD, which in its forecast for the next 12 months expects a 5 per cent growth rate for member countries as a group, takes a slightly more restrained view of West German prospects. It looks to 5.5 per cent growth for 1976 as a whole, with a slowing down that would give 4 per cent over the 12 months to the end of June 1977.

Prices may prove a more problematical part of the overall picture. Readers of the economic press, having been introduced with a flourish to the question of international raw materials price behaviour during the UNCTAD conference in Nairobi, have now been prepared for a nasty inflationary spurt in the autumn because of recent commodity price increases.

According to the most recent predictions, however, the full effects of dearer raw materials will be blunted both by normal lags for the rest of this year, as well as partially offset by continuing strength of the Deutsche Mark. As for temperate food-stuffs, the expectation of the Agriculture Ministry is that prices may well drop temporarily since the meat market will probably be overloaded until at least mid-winter by early slaughtering during the drought.

The consensus of estimates for the rise of retail prices in 1976 seems to lie somewhere in the range of 4.5 per cent. The IFO-institute of Munich—not as low as some more optimistic forecasters would have hoped, but well within the range of poor conditions. But the official estimates made at the very last minute—especially that of the Bundesbank weeks—also point up the extent to which West Germany's



circumstances are comfortably close to the bottom that the recovery has become much more broadly based.

Unemployment is still high and is likely to remain so. It has dropped below the psychological threshold of 1m. people, but only just, and the prospects of any significant further reduction this year appear slight.

The need to nurture industrial investment has come to take pride of place in the concerns of Government, trade unions, and business alike. This year's wage contracts in major

industries indicated an improvement of orders to the electrical engineering and chemicals industries—two of the laggards up to now. In several other capital goods industries, IFO found a much greater degree of confidence. These included data processing and office equipment, precision engineering and optical equipment, and commercial some concern among business men about a reduction of

THE LATEST West German order figures reinforce the impression that export demand is now sustaining the German economic recovery, while domestic orders have ceased to climb and remain below the artificially stimulated figures of summer 1975. Overall orders to manufacturing industry in June were after seasonal adjustment 2 per cent larger than in May, but this increase was made up of a 0.5 per cent fall in orders at home and a 10.5 per cent pick-up in orders abroad. Internal demand for consumer goods has, in fact, stagnated since February, while home demand for investment goods has fallen away markedly from its level to March and April and back down to its level in the closing months of last year.

Industries, averaging increases of 5.5 per cent, were justified by union leaders to their members with the argument that corporate profits must be sure the steel industry has yet allowed sufficient room for to shake off the recessionary growth to make possible the blues. Several major producers first real recovery of fixed seem to expect better financial investment since 1970. This, results this year, but operations remain at an unsatisfactory low level of capacity, and the prospects for an upturn in the remainder of 1976 seem to be in doubt.

One reason appears to be the slowness of steel exports to pick up. A second seems to be the low state of the machinery and machine tool sector, where the clouds remain unbroken. Companies reported a lack of orders in their replies to the IFO questionnaire, and appear to have little hope that the position will improve this year.

In contrast to previous periods of turbulence in the foreign exchange markets, however, the past few months have seen the domestic monetary position relatively little troubled, and the Bundesbank records little impact on the growth of the monetary aggregates. There was a more obvious effect on the liquidity position of the banking system from the large inflows of foreign exchange in the first quarter of 1976, according to recent records. The exception seems to have been trade with the Eastern bloc countries, where West German companies still show no sign of losing their long lead over other Western exporters. In 1975, according to recent motor industry, after the rapid upsurge of first-quarter sales—somewhat in the past couple of months—especially in the Bundesbank statistics, West Germany's trade surplus of DM9.5bn. (about £2.1bn.) was almost entirely traceable to a DM8bn. surplus with the Communist countries (including China but leaving out East Germany). That reflects a new and vigorous push into Eastern Europe—witnessed by massive new contracts signed in recent weeks—but also points up the extent to which West Germany's

other industrial countries were affected by recession.

In the middle of last year, West German exports in real terms were no less than 12 per cent down below their level of a year previously. Since then they have recovered remarkably, reaching a new record in current cash terms of DM78.8bn. during the first quarter of this year—though that was still 3 per cent lower in real terms than the pre-recession level. By the end of 1976, however, the German Institute for Economic Research (DIW) in Berlin expects a performance in real terms at least as good as before the recession.

The prediction may for two reasons appear surprisingly confident. First there is uncertainty in two of the newer areas of export growth this year: in Eastern Europe there are potential foreign exchange shortages, and in the OPEC countries growth prospects are hard to assess. Moreover exporters are worried by the effective revaluation of the D-Mark against the currencies of their three main trading partners in the European Community. Since the end of 1975, according to the Bundesbank, the French franc has lost 10.9 per cent, the pound 10.5 per cent, and the lira 24.6 per cent, against the D-Mark.

On the other hand, perhaps to forestall a further depreciation, countries with weaker currencies have actually expanded their imports from Germany. West German exports to France, Denmark, and Britain showed rapid growth. In a study of export performance so far this year, the DIW endorses the confidence often expressed by official economists that West German exporters also benefited from a much more stable development of costs.

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## French defence chief resigns

General Marcel Bigeard, one of France's most colourful military figures, resigned yesterday as State Secretary for Defence, the No. 2 post at the Defence Ministry, claiming that he had accomplished 18 months ago, reports Agence France Presse.

His resignation, following that

of Mr Claude Brosselet,

President Giscard d'Estaing's top official at the Elysee Palace, provides more evidence that the ground being prepared for a fundamental reshuffle of government within the next few weeks.

The big question mark that hangs over the reshuffle is not whether it will take place—but who

will lead the new Government.

Some think that Prime Minister Chirac will be replaced. But there

have also been rumours that he

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## HOME NEWS

**CBI and TUC still back industrial strategy**

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

**TUO** AND the Minster of Economic Development Council (MEDC) yesterday said some negotiations had been bridged at yesterday's meeting of the National Economic Development Council.

Employers and unions were again on the same wavelength and fully committed to support the industrial strategy programme by the time the meeting was over.

It was agreed that the profitability of industry must improve substantially if investment and stockbuilding are to be given the necessary boost.

The TUC emphasised, however, that unless its plan is plain to see that the increased profits are being used for these purposes members may become restless.

Lord Watkinson, president of the CBI, may be swift to assure the Council that having made its protest about the proposed increase in employers' national insurance contributions—a protest which involved shelling a planned letter urging members to take up investment—the committee now proposed to let the matter rest.

He was able to point to forecasts in the CBI's industrial Trends survey published on Tuesday which indicated that manufacturing industry investment should increase by 10 per cent next year.

That took the heat out of the situation. Lord Allen, chairman of the TUC's Economic Committee, promised to let the matter rest.

Mr. James Callaghan, the Prime Minister, reported to be seriously concerned by the 30,000 vacancies for engineers and scientists in universities and polytechnics this year, has had preliminary talks with Mr. Fred Mulley, Education Secretary, about the moves.

THE RIFT which was in danger of developing between the two organisations could resume constructive discussions.

That over, the MEDC was able to get down to consideration of a working document presented by Mr. Denis Healey, Chancellor of the Exchequer, dealing with medium-term prospects.

This was an important paper in that it represented a Treasury scenario which assumed no improvement in the U.K.'s competitive performance and felt strongly enough about it to take the unprecedented course of passing a resolution to that effect.

The second "scenario" was not discussed in detail, but Mr. Healey pointed out that it assumed an unheard-of average growth in manufacturing output of 8 per cent a year from 1975-79.

**Campaign to encourage engineering training**

BY PHILIP RAWSTORNE

THE GOVERNMENT is planning a campaign to encourage more young people to train as engineers and scientists in industry.

Mr. James Callaghan, the Prime Minister, reported to be seriously concerned by the 30,000 vacancies for engineers and scientists in universities and polytechnics this year, has had preliminary talks with Mr. Fred Mulley, Education Secretary, about the moves.

The problem has also been highlighted by recent investigations by an all-party committee of MPs, which found that graduates preferred academic, Civil Service and local government careers to industry.

Senior ministers recognise that there is a strong case for improving middle-management pay as an incentive but see little prospect of resolving that problem until the current pay restraint ends.

**SE critical of disclosure proposals on company reports**

BY MICHAEL LAPPERTY

CRITICISM of the Department of Trade's proposals for a broad extension of information in company reports has been made by the Stock Exchange commenting on the recent DoT's consultative document, *Alms and Scope of new and improved Company Reports*.

The Exchange is particularly opposed to the suggestion that companies' public responsibility to interests other than shareholders and creditors extends to a general responsibility under company law.

"The needs of other user interests, if they are established as reasonable and legitimate, specifically for the purpose of collecting taxes and of complying with the immeasurable additional obligations which legislation places upon them,"

the position had to remain the same, it will influence the extent of economic power which can be given to shareholders and creditors.

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## PARLIAMENT



# Tories turn holiday heat on Ennals

BY JOHN HUNT

**Civil Service inquiry team named**

By Peter Hennessy,  
Lobby Correspondent

THE PRIME MINISTER yesterday announced the composition of the committee of inquiry that will sit under Sir Arthur Armitage to investigate the political activities of Civil Servants.

Appointed yesterday were: Lord Amulree, Liberal whip in the House of Lords; Lord Belgrave, former head of the diplomatic service; Lord Carrington, leader of the Opposition in the Lords; Mrs. Judith Hart, former Minister for Overseas Development; Sir Frederick Hayday, former chairman of the international committee of the TUC; Sir Peter Matthews, managing director, Vickers Limited; Mr. Stanley Mayne, former general secretary of the Institution of Professional Civil Servants, and Sir William Nield, former Permanent Secretary at the Cabinet Office.

Since the Government accepted the recommendation of the Masterman Committee in 1953, civil servants of executive officer rank and above have been restricted in their political activities.

The Civil Service unions are unhappy with this bar with the exception of the Association of First Division Civil Servants, representing officials in the highest grades, who are concerned that the traditional neutrality of the Civil Service might be impaired by an amendment to the present rules.

Sir Arthur Armitage, Vice Chancellor of Manchester University and a lawyer by training, was appointed chairman of the committee in May.

## Talks on jobs for teachers

By Michael Dixon,  
Education Correspondent

RETRAINING of newly-qualified teachers in such subjects as mathematics and crafts—where there is a shortage of teaching skill—is being explored by major local authorities as a way of relieving unemployment.

It has been estimated that up to 20,000 new teachers who finished training this summer may be without school jobs when the new term starts next month.

The retraining, probably financed by the Training Services Agency, is under discussion by the Association of Metropolitan Authorities. It would require the approval both of the teachers' unions and the Government.

## Chancellor's former adviser argues need to improve forecasting

# Remedy for Treasury 'no-hoppers'

BY PETER HENNESSY, LOBBY CORRESPONDENT

THE TWO dozen special advisers brought into Government by Labour Ministers from outside the ranks of the Civil Service have lost hold a horrid fascination for Whitehall regulars, political commentators and Tory MPs. A cottage industry has grown up within the Civil Service Department to handle the flood of hostile Parliamentary questions tabled by Mr. Ian Gow and others.

Although they have shrunk in numbers from the 25 who came in with the new Labour Government in the spring of 1974 and are now almost a part of the established Whitehall scene, the criticism of special advisers persists. Mr. John Gries, writing in the Spectator recently, likened them to the world's priests who clustered around the courts of illiterate medieval monarchs—an analogy inviting to advisers and Ministers alike.

In Mr. Lord Rothchild, former director of the Central Policy Review Staff, a characteristic bluntness told a distinguished audience of politicians and administrators: "All that seems special to me about these new advisers is that their position combines the functions of lesser politicians with the salaries of higher civil servants."

But the attacks on this much maligned breed of mainly young men and women in their late 20s and early 30s should not arouse too much sympathy in neutral breasts. They are perfectly capable of hitting back. Since the first Wilson Government there has developed a tradition of vociferous refugees, with an almost Solzenitsyn-like vocabulary and plausibility, coming out of the Departments and metaphorically shaking their fists at the half-million strong army of Whitehall regulars and particularly at the 900-or-so monocrats to scepticism and ability who people the higher reaches of the Civil Service.

Last year's most prominent casualty was Dr. Stuart Holland. Although an adviser to Mrs. Judith Hart at the Ministry of Overseas Development, he was jointly responsible with a very senior civil servant for drafting and long term economic planning on the French pattern.

At present, they have neither

the inclination nor the expertise nor the apparatus to do it.

Top officials in the Treasury are a rival influence, he says.

"The senior officials are not interested in economic forecasts, except as a stick with which to implement their policies and duties."

"All we have been able to do is to agree an accurate figure for local authority expenditure as a whole."

He agreed with Mr. Arthur Rennison (Lab., South Shields) that there was genuine difficulty in defining local authorities' over-spending with any accuracy.

Mr. Rennison said that he would be aiming for a rate support grant settlement on the basis that local government expenditure conformed to the agreed figures.

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MERGER  
age

# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## • ENERGY

## Gas engineers look to the future

**INSULATION** of a Norwegian show house, now in view in the laboratory and a materials to copper for pipe. Britain's so good that one gas test house in High Wycombe work—plastics, stainless steel and a couple of small fan. Fuel savings achieved in this copper-coated steel. One interest—heaters would be enough to why are being evaluated and, at the same time, improvements in the adhesive to maintain an equable temperature in it even during the winter, or so its designers say.

It is the advent of houses such as these and the much-dispersed concept of low-energy and low environmental burden houses that is prompting the British Gas Corporation's Watson House Laboratories to examine afresh the problems of domestic water heating in the light of energy conservation.

Watson House, which celebrates its Golden Jubilee later this year, has evolved a series of "hot water" systems. One is an integral part to offset heat losses in the pipework which is used traditionally to connect boiler, hot cylinder, and various appliances. Important work is

also in progress on alternative research men at Watson House, talk of an energy gap in the U.K. is simply hot air. There is something like 600 years' coal reserves known already. A major infra-structure is being set up to distribute North Sea gas at a capital cost for high capacity, high pressure pipelines alone of around £200m. a year. Add storage and pumping facilities as well as renewed local networks and the total value of the distribution grid would amount to several billions.

It is inconceivable, even in the hand-to-mouth economy that has prevailed in the U.K. for several years, that expenditure of this order should be incurred to tap new areas which might run out in 20 years. It follows, therefore, that coal gasification processes need to be developed to perfection now.

The work is being sponsored by ERDA of the U.S. While it is not suggested that the process has immediate application in Britain, it is felt that the country's gas industry is being relieved of an emergency by America underlines the quality of the Corporation's chemical engineering. An announcement on the Corporation's work for RAE is expected later this year.

## • RESEARCH

## Vibration forces calculated

**MATHEMATICS** of ship propulsion dynamics are complex and it will prove of considerable aid to ship designers and operators that Lloyd's Register is making available through its hull structure development unit new methods to predict propeller-generated vibration excitation forces with more aids to come in the near future.

In conjunction with existing dynamic structural analysis methods, the new capability will allow engineers to make a much better approximation of hull and shafting vibration problems and more accurate shaft and blade stress analyses.

Further facilities are to be made available to calculate the production of inflatable boats, lifeboats and lifejackets have been completed by Avon Inflatables.

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## • CONFERENCE

## Distribution problems

NOT EVERY company can make economic use of a "distribution services company" and the task of deciding for or against is not made easier by the wide choice of type of service available.

Called "Distribution—is there a better way?" a conference has been organised to present a balanced view of the existing industry and the likelihood of its expanding future business. This

should help potential users in

PLANS FOR increasing production of inflatable boats, lifeboats and lifejackets have been completed by Avon Inflatables.

Construction of a 50,000 square foot extension to the company's factory at North Dock, Llanelli is to start soon with completion scheduled for the autumn of next year. Exports this year are expected to account for about 80 per cent of total business. North America is the largest market.

## • INSTRUMENTS

## Fast and sensitive

HIGH sensitivity (1 mV/cm) and a fast time base (10 ns/cm) are combined in the Gould 22. Details from NMHC, Cranfield Institute of Technology, Cranfield, Bedford MK4 0AL (0234 759323).

Ideal for the display of fast transients, the instrument also has comprehensive triggering facilities to ensure a stable trace on both the channels, irrespective of frequency or waveform.

Detailed examination of complex waveforms and pulse trains can be carried out by using the delayed sweep time-base while the mixed sweep facility gives continuous identification of the section of the waveform under examination.

Useful practical features include a trace location system that allows the waveform to be found whatever the horizontal and vertical shift control settings. The oscilloscope uses a 10 x 8 cm. screen and overall measurements are 180 x 290 x 450 mm. Net weight 12.7 kg. More from Roebeck Road, Hainault, Essex (01-500 1000).

It is said that the Department of Industry has been sitting on the RAE application for over a year while it tries to reconcile the irreconcilable. Its wish that

## • DATA PROCESSING

## Conversion ahead of schedule

DATASKILL is the first software house to complete a major Cobol conversion project from ICL 1900 to 2900.

This was carried out on behalf of REME who required their FORWARD (AIR) equipment and management information system converted to run on the new Bureau West 2900 at Devizes. This application was selected by the Ministry of Defence as a suitable pilot scheme for conversion because it was self-contained and, as processing could continue to 1900 machine at Woolwich, provided a good fall-back position.

Belt and braces policies were considered necessary because of the constraints which affected this totally new type of work. It was the first large COBOL conversion and there was a new version of the language. The computer was new and communications were being introduced for the first time, with remote job entry and interactive terminals.

The work was undertaken as a fixed price contract, began in July last year and was completed two months ahead of schedule, due mainly to the performance of the DATASKILL ACTS (automatic cobol translation) software, which ran well in excess of original expectations. All acceptance tests succeeded first time.

Dataskill is currently involved in transition work for over ten major customers and expects this side of the business to continue growing.

Dataskill at Reading Bridge

House, Reading Bridge, Berks RG1 8PN. Reading (0734) 581255.

Equipment for special application

INDUSTRY sources indicate that tender applications for the Royal

Aircraft Establishment's very large computer are soon to be issued to companies remaining on the short list.

The progress—or lack of progress—is a solution to the operational requirement first mooted by RAE over a year ago.

It has caused considerable comment within computing, and it is unlikely that the issue of tender documents will do much to still it.

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## • MAINTENANCE

## Cleans the floor in one pass

the system selected be from ICL—and ICL's stated inability or unwillingness to provide the system required within the price parameters laid down and the time scale.

ICL it seems, might fail because the RAE requirement is a tight one not only in terms of cost and performance, but also in terms of size and the amount of air conditioning required. ICL may suffer or has suffered the same fate for the same reasons, it is understood.

Short listed are, among others, DEC and CDC. The system is required for a fixed term and a fixed price to carry out studies of three dimensional simulation of transonic air flows. The technique best suited to the task is similar to finite element analysis, and the best computer architecture for that would be an array processor, such as ICL's distributed array processor. However, this is unlikely to be an array processor, such as ICL's distributed array processor.

Battery powered, it scrubs a 50 inch path and covers up to 30,000 square feet/hour, applying detergent solution, scrubbing and picking up in one pass. There is a choice of polypropylene or abrasive bristle brushes, and a vacuum/squeegee system leaves the floor dry. Front and rear constant speed brushes revolve in opposite directions, the rear brushes throwing the dirt water into a vacuum pick-up trough.

One pedal controls speed, forward and reverse. Price is about £11,000.

## • MATERIALS

## Fixes heavy equipment

A THREE PACK polyester system containing a graded coarse aggregate is suited for the economic filling of large voids where rapid setting and high strength are required.

Resin concrete has particular application in the permanent fixing of marine piles and bases, and for structural repairs on the outer parts.

Another feature is a liquid seal produced by pumping the media compound into the gap between the edge of the spinner and the tub wall. The maker says this enables fine media to be used and small parts to be processed.

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## Finished faster

UP TO 30 times faster than conventional finishing vibrators, and suitable for both heavy metal removal and fine surface finishing are the claims made for the Osram range of barrel-finishing machines introduced by Osram, Trabro House, Mark Road, Hemel Hempstead, Herts, HP2 7BX (0442 581121).

The machines incorporate a high-speed saucer-shaped spinner at the bottom of a stationary polyurethane-lined vertical process tub. Torsional movement of the mass (abrasive media and parts to be processed) thrown upwards by the spinner, is slowed by contact with the tub wall, and the mass returns to the centre. This high energy-absorbing cascade produces the necessary friction of the media on the outer parts.

Another feature is a liquid seal produced by pumping the media compound into the gap between the edge of the spinner and the tub wall. Supplied in a 33 kg pack containing resin component, hardener component, and graded aggregate the material provides

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The British Engineers

## SOLVE INDUSTRIAL FASTENING PROBLEMS

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## When did they last see their father?



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It is movement. The movement of materials to machines, of parts to assembly points, of finished products to storage

or loading bays.

It is the maintenance of production schedules. It is the avoidance of congestion and delay. It is stock rotation, the reduction of waste.

It can reduce friction between sections, between departments, reduce physical fatigue and injury, reduce costs in often unexpected ways.

Next time one of your managers comes to you about materials handling and storage, remember this advertisement, remember Lansing Bagnall, and give him your time.

He may be able to give you much more back.

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are  
available  
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various  
other  
sources.

# GENERAL APPOINTMENTS

## Major Arab Institution

Based in Riyadh, Saudi Arabia, and owned by the governments of 14 Arab States, has the following vacancies for location in Riyadh:

### City Solicitor

Experienced in Eurocurrency documentation, joint venture agreements, venture capital and company incorporation. The successful candidate will be in his mid-30's and will have been associated with a firm of City solicitors experienced in international work.

The institution is a leading investment and development company created two years ago by the Governments of the Arab States. Substantially capitalized, the institution finances major projects in the Arab world and also operates actively in the international money and capital markets.

Remuneration will be according to experience and in line with established standards for ex-patriots working in the Middle East. Furnished accommodation will be provided as well as generous home leave and other benefits. A two to three year contract will be available. Preliminary interviews will be held in London. Apply in writing with curriculum vitae to:

Box FT/412, c/o St James's Advertising & Publishing Co Ltd, Hanway House, Clark's Place, Bishopsgate, London EC2N 4BJ.

### International Banker

Experienced in all Euro-currency transactions including Euro-currency treasury management, deposits, agency functions on syndicated loans, preparation and documentation of international loans and international bond issues. The successful candidate will also be in his mid-30's and will have been trained in the City with a British or international bank active in the Euro-markets.

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Box FT/412, c/o St James's Advertising & Publishing Co Ltd, Hanway House, Clark's Place, Bishopsgate, London EC2N 4BJ.



Experienced

## Continental Currency Brokers

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It is likely that you will be aged under 30 and that you will be highly motivated by the opportunity to earn an above-average salary.

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Jim Little, Director,

### Charles Fulton & Company Limited

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01-248 3242.

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## Economist

A young economist is required to join the Economic Intelligence Unit in the London headquarters, who will be a member of a small team responsible for assessing the effects of economic, political and industrial developments on the Corporation's interests world-wide. Duties will also include analyses of economic trends and international developments in the forest products industry. Candidates should be qualified Economists, aged 25-30, with an analytical mind and experience of economic work in industry and commerce. A good starting salary will be offered, dependent on experience and background, and benefits and conditions of service are excellent. Please apply in writing to: Mr. W. E. D. Tidy, Personnel Manager, The Bowater Corporation Ltd., Bowater House, Knightsbridge, London, SW1X 7LR.

## Deputy Head Project Finance Company

A leading merchant bank wish to appoint a senior executive as Deputy Head of their Project Finance Company. Principal responsibilities in this job will be the control and co-ordination of all projects and liaison with other parts of the Group and their financial advisers.

Applicants must have had several years experience in project and export finance and should possess an Honours Degree or equivalent together with appropriate professional qualifications. Aged between 30 and 45, the individual will be required to demonstrate ability to negotiate at the very highest level of industry in this country and overseas.

Salary and other benefits will be dependent on age, qualifications and experience.

Please write with full career details to Position No. ASD 5171, Austin Knight Ltd., London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

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International Banking

A London based bank, part of a major international financial services organisation requires a Senior Credit Analyst. He or she will work with the bank's corporate finance executives on the preparation of credit evaluation material.

Candidates will probably be in their mid-twenties. They will most likely be graduates with exposure to credit evaluation techniques or have qualified as chartered accountants with some experience of large company audits.

Remuneration will depend upon qualifications and experience. Additionally, the successful candidate will enjoy ancillary benefits normally associated with banking organisations.

Please reply in strictest confidence to the consultant advising the bank:

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Godfrid Kay Rogers & Associates Limited,  
City Division,  
21 Cork Street,  
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South Africa's largest tea and coffee company

and a member of the Anglo Transvaal Consolidated Investment Company Limited, have a vacancy for the No. 2 position in their Tea Buying and Blending Department in Durban.

This interesting and rewarding position is open to candidates, preferably in the age group 25 to 30 years, who have experience in tea-tasting and who have enthusiasm, initiative and ambition.

Applications, giving all relevant details, should be addressed to the Personnel Office, P.O. Box 680, Johannesburg, 2000.

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MALE/FEMALE

## COTTON SPINNING

A general manager is required for Cromer Ring Mill Ltd., a member of the Vantona Group of Companies.

Cromer Ring Mill Ltd. is engaged mainly in the production of polyester, cotton blend yarns, synthetic yarns, combed cotton yarns and the conversion of yarns and fabric for the tyre cord trade. The general manager is required to take charge of all aspects of production and internal economy.

Preferably applicants will be in the age group 35-45 years and have had considerable experience in cotton type spinning and general management. The salary will be commensurate with the importance and responsibility of the position and is negotiable.

Will applicants please address their replies to Dr. J. A. Blackburn, Joint Managing Director, **VANTONA GROUP LTD.**, Bank House, Charlotte Street, Manchester M1 4ET.

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women, are expected to be in or near the 40's age range, ideally with a graduate or professional qualification and previous experience in a trade association will be a distinct asset. The headquarters will be in Central London, and certain removal expenses would be reimbursed. Salary negotiable at the level indicated with a car provided. (PA Personnel Services Ref. GM265690 FT)

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

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Based in Leeds, the Regional Industrial Director has a key role in the evaluation of the viability of growth and modernisation projects put forward by Yorkshire and Humberside companies for Government selective financial assistance.

Candidates should have had experience at a senior level in industry or commerce, especially in the financial aspects of project evaluation. The successful candidate must be able to work with others in the region's

well-established Industrial Expansion Team and to communicate his or her particular expertise.

The salary for the post is to be agreed in the light of the experience and relevant qualifications of the successful candidate, but will be not less than £10,500 per annum.

The appointment will be for 2 years.

An alternative to direct appointment a secondment from a candidate's present employer can be arranged on reimbursement terms to be negotiated.

Please write, enclosing a curriculum vitae, and quoting the reference to Miss E. W. Smith, Department of Industry, Establishment Senior Staff Management Division, 1 Victoria Street, London SW1H 0ET as soon as possible and in any event not later than 31 August 1976. Ref: F7298.

### Department of Industry

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The position has genuine career potential. For further details please contact S V J Adamson, Grosvenor Stewart Limited, Executive Recruitment Consultants, 15/16 Tilehouse Street, Hitchin, Herts, Telephone: Hitchin (0460) 2842 or Brigg (0522) 5321.

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Interviews will be held in London. Please send full details in confidence to: NORMAN ALEXANDER & COMPANY, Chartered Accountants, 19 Bolton Street, Piccadilly, London, W1Y 8HD.

## HOME NEWS

### Minister 'needed to control defence equipment budget'

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

A MINISTER of State for policy and strategy which could preclude their maintaining the closest control of spending.

"We do not consider that to appoint one senior or middle ranking minister to take full charge of the equipment budget of £243m. in 1976-77 would make the Ministry of Defence

The committee urges examination of the decision-making processes in the ministry up to the highest official levels, with a view to speeding those processes.

The committee concludes that a healthy guided weapons industry in the U.K. is essential not only to the armed forces whose equipment it will provide, but also in terms of job opportunities, job satisfaction and economic well-being.

But it sees no room for complacency that the existing organisation, staff and controls will match future requirements and urges that the Ministry of Defence and the industry should, as a matter of urgency, "actively seek to extend the range of collaboration with France and Germany," with a view to achieving "NATO standardisation of weapons more quickly."

Analysing the organisation of guided weapons and military equipment procurement in the Ministry of Defence, the committee says it has become convinced of the need for the most effective political control of the defence equipment programme.

During two previous administrations (1967-70 and 1971-72) there were Ministers of State for Equipment or Defence Procurement.

Both the existing Secretary of State for Defence and Minister of State for Defence have responsibilities for defence

"We recommend that the ministry should also pay more attention to ways of validating and refining increases in estimates of all kinds, with special attention being given to increases attributable to inflation."

The committee stresses the need for international collaboration, pointing out that pending nationalisation and its eventual corollary, reorganisation, it is difficult for the industry to make spectacular progress in this field.

The committee expresses concern at the delays in decision-taking, either to approve new weapons or to cancel programmes for cost and other reasons. The decisions taken in September 1975, for example, which resulted in some major programmes being cancelled, were 18 months in the pipeline.

It recommends that the current management review should include consideration of ways of reducing the intervals between submissions to various levels of authority, and also consideration of ways of reducing the number of stages of approval before major decisions can be taken.

**Examination**

Consideration should be given to the need for a more detailed examination of procedures for project management to discover whether changes are needed.

The committee says that at a time of rapid inflation rising prices may add scores of millions of pounds to the total cost of a project, as with some existing programmes.

"There may also be a tendency to regard inflation as inevitable and its effects therefore as not worth examining."

**Guided Weapons** (Seventh Report from the Expenditure Committee) 1975-76, H. C. Paper 397. SO 659.

Government rejects criticism on Cyprus

By Malcolm Rutherford  
THE GOVERNMENT has rejected criticisms of its handling of the 1974 Cyprus crisis made in the report from the Select Committee on Cyprus last May.

A brief White Paper, published yesterday, however, adds little to what has already been said in defence of the Government's actions and provides virtually no new information.

The committee's main accusation was that Britain had "a legal right, a moral obligation and the military capacity to intervene" in the crisis and that it failed to do so for reasons which the Government refused to give.

It was also highly critical of Mr. Callaghan, who was Foreign Secretary at the time, both for his conduct of the crisis and for his evidence to the committee.

The Government admits it had the legal right, interests and in the White Paper states that it considers the 1960 Treaties of Guarantee, from which this right stems, still to be valid.

There is no new comment though, on the questions of moral obligation or military capacity.

The White Paper rejects the committee's policy recommendation that Britain should urge that there should be no pressure over Turkey's relationship with the European Community until there is an agreed solution of the Cyprus problem. The Government did not believe "that a solution can be promoted by isolating Turkey."

In a statement accompanying the White Paper the Foreign Office said that the British and allied Governments still considered that the only prospect of finding a lasting solution lay in the inter-communal talks between the Greek and Turkish Cypriots.

It was regretted that a new round of talks under the auspices of Dr. Kurt Waldheim, the UN Secretary-General, had not been fixed.

Report from the Select Committee on Cyprus. Observations by the Government. Command 6579. SO 659.

Editorial comment. Page 14

### Company gifts to Tories fall

FINANCIAL TIMES REPORTER

COMPANIES' donations to the two general elections of 1974, Conservative Party dropped by nearly two-thirds last year compared with 1974, according to calculations published on the Common Market campaign in 1975, the departmental report.

"This is a third possibility; that business disapproval of the Thatcher regime has led to withdrawal of financial aid to her party. The figures for 1975 should give an interesting indication of the City's feeling towards the present Tory leader."

The department shows that top companies donating to the Conservatives were General Electric Company and Rank Hovis McDougal with £25,000 each.

Industrialists' councils received top support from Charter Consolidated (£26,000) and Allied Breweries (£25,000). All the Big Four banks made large contributions to the Economic League, the top donor

being National Westminster with £6,000.

Despite big advertising campaigns in 1974, the department could trace company donations of only £47,156 in 1975 to the Aims for Freedom and Enterprise, with the top money coming from the tobacco and food company Imperial Group (£12,500).

Report from the Select Committee on Cyprus. Observations by the Government. Command 6579. SO 659.

Editorial comment. Page 14

### Labour seeks petrol tax boost to pay full cost of car travel

BY OUR INDUSTRIAL STAFF

THE LABOUR Party yesterday called for the tax on petrol to be raised to the point where it paid for the full cost of car travel to the community.

The recommendation, already approved by the national executive, comes in the party's response to the Government's transport policy consultation document.

Such a move would go far beyond plans to abolish the £40 a year road fund licence and replace it with higher petrol charges which the Cabinet is believed to have agreed on.

The Labour Party research department last night declined to put a figure on what effect meeting the perceived per mile cost of motor travel would have on petrol prices. Scrapping the vehicle excise duty would add between 15p and 16p to the price of a gallon of petrol.

While it was true that the better off got more benefit from transport subsidies, many public services would cease to exist without such support, and the poor would suffer most.

The party said plans for cheaper bus services to replace loss-making local train services would meet certain failure. The policy had been tried and had failed between 1964 and 1965.

The party called for an increase in British Rail's subsidy of £100m on revenue support and £80m on investment, and for further economies and productivity improvements.

### Portrush bombings may end truce with Army

BY GILES MERRITT

PORTRUSH is the seaside resort Ulstermen visit to get away from it all. Until Tuesday night the thriving fishing village turned bungalow was by common, unspoken consent out of bounds to Northern Ireland's troubles.

Now the Provisional IRA has served notice on the Province that there is to be no escaping or ignoring its new campaign of terrorism.

Portrush claims the finest beaches in the British Isles, and on Tuesday night several thousand frightened holidaymakers, hurriedly evacuated from hotels and guest-houses in the bombed town centre, were forced to retreat to those beaches for the night.

Yesterday, in spite of the bombs, the great majority of the visitors who in summer swell the 5,000 population to 25,000 had decided to defy further attacks and stay on.

Despite the drama of a Kiss Me Quick resort being suddenly transformed into a zone of hostilities by 10 carefully placed incendiary bombs, the Provo blitz on Portrush is probably not the most significant change in their tactics.

Warnings were given well in advance of the first explosion at 8.5 p.m., the devils were small, and there were no casualties—standard Provisional IRA tactics, these, in

its campaign to destroy property in Ulster and to disrupt life rather than take it.

The Portrush bombings have certainly achieved a primary objective of drawing fresh attention to Northern Ireland.

The Minister of State at the Northern Ireland Office, Mr. Don Cononan, visited the town yesterday to inspect the damage, estimated as costing £500,000.

Officials at Stormont Castle in Belfast are now pondering the possibility that the terrorists' wider intention was to mask a switch back to their pre-1973 tactic of sniping at British soldiers.

In the past seven days, during which both Mr. Tony Benn and Provisional Sinn Fein leaders have independently made it clear that contacts between the two sides have been discontinued, three soldiers have been killed. Two were Regular Army soldiers and one a member of the part-time Ulster Defence Regiment.

It is still too early to establish the clear IRA pattern proving that the Provisionals have returned to their pre-ceasefire techniques of hitting at Army personnel in urban areas, but the last seven days' killings compare with the rate of one soldier killed each fortnight during the first part of this year, and one soldier killed for every 2½ weeks of 1973.

# BOOKS

## When bombs fell

BY C. P. SNOW

**Living Through the Blitz** by Tom Harrison. Collins, £5.00, 372 pages

Tom Harrison was born out of his time. He would have made a splendid Victorian, gallant, assertive, ready to quarrel with anyone and try his hand at anything. Sociologist, zoologist, archaeologist, adviser to Far Eastern sultans—which were his most successful exploits is still a bit of a mystery. He died too young, killed, absurdly after that adventurous life, in an accident in Thailand.

Whatever he did elsewhere, he was best known here as the founder of Mass Observation. Mass Observation, like opinion polls, of which it is a remote cousin, was a characteristic expectation of the late 1930s. Many people, mainly but not entirely on the left, were becoming concerned that politicians, or other kind of leaders hadn't the remotest conception of how the multifarious public was responding. Conventional wisdom was not only uninformed, it was dangerously misleading. Harrison was exactly the man to bring this discontent to the point of action. He was at that time an upper middle class radical (his father was a general) and shared the usual Left-wing view that the leaders had no understanding of, and less respect for, those they led.

This theme (and there was something in it) enters often into his account of the Blitz. It was far more of a fighting man than most well-born radicals. He was ready to take any risks, and did so, in the cause of Mass Observation.

### Fiction

## Irish Maupassant?

BY AUGUSTINE MARTIN

**Foreign Affairs and other Stories** by Sean O'Faolain. Constable, £2.95, 226 pages

Ireland's accession to the EEC has been a godsend to Sean O'Faolain. Most self-consciously Irish of living Irish writers she has always devoutly wished that his country would follow his example and become European, as she had been before the Sas-senach had cut her off from her continental birthright. Through the philistine years of the 1940s he fought the Irish Establishment, lay and clerical, in his magazine, *The Bell*, pleading for a wider horizon, a more Roman Catholicism. When he turned from journalism into fiction he migrated into the fiction.

In the past 30 years O'Faolain has been writing for 45 years—there has been in his stories an increasing concentration on Italian confessors having affairs with Irish lawyers, and thoughtful Corkmen strolling, of an evening, along the Bari waterfront; and a commensurate flourish of French and Italian flourishes in the author's vocabulary. His

The idea behind his project casualties expected in this was simple. If you dropped into different sets of people right through the population (to begin with, this selection was primitive, it has now become so much sophisticated by pollsters that, for a clear-cut issue like an election, two thousand persons are enough) and you listened with your ears open and your mouth relatively shut, you would get a sense of what was really happening, not what was being assumed as happening. This idea was much distrusted, especially by politicians, and accordingly shrugged off. Harrison was indomitable. He raised small sums of money for trial projects. The results convinced him, if no one else. He trained a miscellaneous troupe of persons in objective listening.

His first big chance came in the German air raids of 1940-41. No one knew how the public in this country were going to react to bombing. Harrison was given a commission, just before the blitz started, to use his Mass Observation team to find out. Bombing of civilian populations had, of course, been a national obsession all through the 1920s and 1930s. Physically the country was more vulnerable to what became known as "strategic" bombing (i.e. bombing of cities) than most. Curiously enough, this made us obsessed with strategic bombing as our own major offensive method of conducting war.

Neither the Germans nor the Soviets were. Only the Anglo-Americans equipped themselves, before the war, with squadrons of heavy bombers. The number of

excellent autobiography is entitled *Vive Moi*. It is as if he health and reputation: "Do you want the nuns to think that he's an Irish queer? A fellow who prefers women to drink?"

Mr. O'Faolain always found it hard to suppress his erudition in the interests of his narrative. Now he need no longer try. Even his Catholic training in litany can be turned to profane account: the European male in Dublin seeks for a Molly Bloom and muses on the possibility of native "Onaons, Mitsous, Gigis, Claudines, Kareninas, Oterns, Leahs, San Severinas." The Ambassador, further down the page, ponders memories of "Gabin, Jouvet, Brasserie, Fernandel, Yves Montand"—Mon Oncle Tom Cobley and all, one might say. A hardbitten American journalist—Mr. O'Faolain in perfector disguise—observes an Italian street riot: "the fullest crop of De Sica clichés," and muses wistfully on history, "Messiniarians, Saracens, Romans, Goths, Normans, Saracens . . ."

Our suspicion that there is some kind of literary legpull in the author's vocabulary. His Meehaw! deftly impounds them

most difficult quality to pick out

things they did. Some of them must have been frightened, for,

like those the Germans endured

later in the war, and nothing

remotely like Hiroshima and Nagasaki, they were frightening

enough to most people. From

such experiences, watching

listening, Harrison compiled the best account of the 1940-41 blitz that has been written.

All that was, and had to be,

cool-headed military thinking.

Meanwhile London, and in the autumn other cities, were being bombed, and Harrison and his colleagues were in full operation.

They went in search of air raids

all over the country. Harrison never even suggests that they ran

most difficult quality to pick out

English public felt or acted. Mass

Observation ought to be sup-

pressed. Harrison ought to be suppressed.

In his book, he devotes con-

siderable attention to morale,

what it meant, if anything. Every-

one talked about morale, and how

it must be sustained. No one

knew much about it. Harrison

thinks that a useless amount of

thought and energy was expended

upon it. Perhaps the best

remark, which he doesn't quote,

is the grim German comment

after the heaviest of Anglo-

American raids, when men and

women still came out of their

shelters and went back to the

factors: "Morale" may be

versive. This was not how the

affected. Behaviour isn't"

Searchlights used in the watch for German aircraft, April 1940

danger, but in the nature of

things they did. Some of them

were nothing to do with

the size of Coventry, Plymouth,

Portsmouth, were more

shattered, morally as well as

physically, than bigger ones. If

the Germans had concentrated on

smallish centres of industry, they

might have made a dent in pro-

duction. They never did. After

a few days of shock, people went

back to work. This was even

more true in Germany, as Speer

had made clear once for all.

Some of Harrison's reports

reached Ministers. They aroused

interest and indignation. They

couldn't be true. They were sub-

versive. This was not how the

affected. Behaviour isn't"



## Old China

BY EDMUND CAPON

**China: A Short Cultural History** by C. P. Fitzgerald. Barrie and Jenkins £5.00, 624 pages

**China's Imperial Past** by Charles O. Hucker. Duckworth £13.00, paperback £3.50, 474 pages

China so far as Western scholars and historians are concerned, has always been a specialist's domain, largely because it was not an accessible and thus familiar or even popular country.

It has never been on the tourist map and general guides to history, geography and culture have not, and are not, usually available. The sketch history which is so popular in these days of immediacy is perhaps what is required to fulfil a widespread

but relatively casual interest.

For the not-so-casual reader, C. P. Fitzgerald's *China: A Short Cultural History*, is an outstanding contribution. First published in 1935, the fourth and revised

edition has recently appeared, and this is testimony to the tenacity which may be associated with substantial work. It is a straightforward historical survey, in predictable

format but none the less accept-

able for that and with a strong cultural bias.

It is a book intended primarily for the layman and generally avoids those irritating lapses into pedantic specialisation, lengthy excerpts from obscure historical documents, footnotes which occupy half a page of text, for example, which may so deter the average reader. Since it is neither principally a history book, nor an art book, nor a sociological survey, but a combination of all three, there are inevitable imbalances at times.

Part V, for example, which is devoted to the Sung dynasty, has five chapters, four of which are devoted to broadly historical and directly associated aspects, and the final chapter is devoted to Sung painting. As a result the vast and impressive range of Sung ceramics, surely the artistic hallmark of the period, are consigned to the final chapter of the whole book and somewhat匆匆 discussed under the heading of "Late Art." Similarly the only discussion on Ming art in Part VI, the section devoted to that period, is on architecture, with the result that ceramics and the other arts of the Ming are cursorily discussed in that same "Late Art" chapter.

However, it was clearly Professor Fitzgerald's intention to draw broad cultural outlines rather than detailed involvement in the various types and forms of artistic endeavour. To this end he describes the history and development of China through her cultural traditions. It is in these more general terms that

the book must be considered and, as such, it is an unequal success.

Fitzgerald's book is scholarly and totally accurate in almost a casual air which betrays the author's familiarity with the country and its culture—he was for 20 years a resident in Peking and parts of China, whilst Hucker's perhaps a more studied objective work, is a comprehensive, accurate, readable, thoroughly informative book, it seldom released from its studio disseminated information.

On the other hand it has the trappings which make it a scholarly work so valuable a reference: a long and thorough index, a useful sub-divided bibliography, a somewhat over-long chronological chart, and stra-

ight references other than the various Chinese texts. However, I am in no doubt as to the value of this to the student of China but also to the layman with more than just a passing interest in the subject.

Indicative of the marginally different approach of Professor Hucker is the division of his book into what he considers the basic periods of Chinese history. The formative age (Prohibitory 206 BC to the Han dynasty), the E Empire (206 BC to 90 AD) and within each of these periods are considerable sections devoted to the nature and structure of society and government. Working with the problems of nature and structure of society and government. The complex and ever-evolving system is as formidable as attempting to describe it succinct and comprehensible.

In his brief four-page epilogue Professor Hucker finishes with a provocative note:

"Manism to-day delivers upper-class society to the pernicious turbulence of continuing revolution aims transforming human nature with the ultimate goal of producing individuals who willlessly serve the common good. Until that goal is reached Manists believe, recurring social disorder is the only way to avoid complacent biding—specifically, to prevent the technocrats who industrialising China from entrenching themselves as élite and thereby provoking the peasant discontent that has undermined any modern Chinese government. There seems little reason to expect that this policy can survive Mao Tse-tung himself. Just as Ch'in extremism had yielded to Han moderation, Sui extremism to Tang moderation, so Maoist radicalism must one day yield to a moderate order."

I know of many millions of Chinese who would not be with that.

## Toryism now

BY CHRISTOPHER TUGENDHAT

**The Conservative Opportunity** edited by Lord Blake and John Patten Macmillan, £7.95, 159 pages

the right in the democratic world. Nothing quite so ambitious has been attempted by men and women actually engaged in politics on the Conservative side for a long time.

The best is Lord Blake's entitled "A Changed Climate".

Among the differences between Conservative and Labour politicians is their attitude towards writing. Socialists quite often produce books and collections of speeches and essays, such as those of Tony Crosland and Roy Jenkins, which seek to define their beliefs and objectives. Conservatives, by contrast, specialise on pamphlets designed to provide detailed and practical answers to specific problems.

This collection of essays is an attempt by a group of mostly young Conservatives, all of whom are in one way or another connected with Oxford, to meet the Socialists on their own ground. Its object is to reformulate Conservative attitudes in the light of what they believe to be a general swing to the right in the democratic world.

Nothing quite so ambitious has been attempted by men and women actually engaged in politics on the Conservative side for a long time.

The book as a whole has one notable and surprising feature: Britain's role in Europe and the way in which the Community should develop is mentioned in another chapter in the book. The author discusses foreign affairs, but hardly at all otherwise. Yet this will surely be a central issue in domestic politics from the moment the government introduces the bill to enable us to participate in direct elections to the European Parliament. To draw on Australian and New Zealand experience in discussing British politics is entirely reasonable, but to do so while ignoring the European dimension seems slightly odd in 1976.

Gillian Peeler with her advocacy of a pluralist society, and her emphasis on the need to prepare people for changes instead of simply introducing new measures through Parliament is also good. Both Eric Barendt on the constitution and Lord Gowrie on industrial relations succeed in the difficult task of relating broad philosophical themes to the problems of the moment. Others are less successful and one or two of the contributions would be more at home in explanatory textbooks than between these covers.

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Trade and Industry

Imports f.o.b. (£bn.) ... 2.403 2.355 2.147 1.729 1.514

Exports f.o.b. (£bn.) ... 2.043 2.014 1.907 1.848 1.715

Visible trade balance (£bn.) ... -0.360 -0.341 -0.239 -0.245 -0.241

Steel: weekly average ('000 tonnes) ... 428.4 468.6 447.3 341.8 42.8

Cars ('000s) ... 109 122 114.5 91 19

Commercial vehicles ... 29.0 32.4 31.1 27.7 2.1

TV sets ('000s) ... 18.2 19.3 18.4 16.9 2.2

Radios, radiograms ('000s) ... 32.0 22.9 31.2 38.1 2.1

May Apr. May May May

June June June June June

July July July July July

Aug. Aug. Aug. Aug. Aug.

Sept. Sept. Sept. Sept. Sept.

# The Marketing Scene

## Good start to 1976

### THE TOP TEN AGENCIES

		January-June	% change on year
J. Walter Thompson	£20.1m.	+22.6	
Maisie Wynne-Williams	£17.2m.	+31.1	
D'Arcy MacManus	£14.1m.	+30.9	
McCann-Erickson	£12.5m.	+58.2	
Saatchi-Saatchi-Garland	£11.1m.	+23.5	
Compton	£9.7m.	-6	
OBM	£9.6m.	+19.4	
Young & Rubicam	£9.5m.	+14.2	
Collett Dickenson Pearce	£9.5m.	+7	
Ted Bates	£6.7m.	+14.2	
Burnett	£6.6m.	-7	
Foote-Cane, Belford	£6.6m.	+12.2	

We are now half way through a good year for advertising, and statistics from MEAL show that the ten largest agencies have increased their billings by 29 per cent, while agencies in the next group by 26 per cent. In contrast, the medium-sized agencies have done less well, managing only a 10 per cent. gain, in real terms. These figures give a very accurate guide. They only cover the Press and television.

The table suggests that a majority of the ten leading agencies have done better than inflation, and the decline in size is roughly similar. So the generalisation that large agencies appear because they have an assured track record, while small agencies win business because of their entrepreneurial flair, looks correct. Those in the middle get the worst of both worlds.

### TOBACCO ADVERTISING

## Sir David stirs it

BY ANTHONY THORNCROFT

IS Sir David Nicholson, the chairman of Rothmans, a "person of distinction"? Much depends on the answer. In the past week the tobacco company has spent around £200,000 on press advertisements featuring Sir David—making the point that appeared during Wimbledon, showing tennis rackets and other sporting gear in the background.

Action on Smoking and Health (ASH) reckons that the advertisements are contrary to the strengthened Code of Practice on tobacco advertising by personalities in any walk of life. The Advertising Standards Authority, which administers the Code, maintains that Sir David hardly enters into the film-star or sports-personality class, and that he was making news announcement of general interest.

Such arguments about the letter of the new law have faded frequently since March, when the restrictions came into force.

What really matters is the attitude of the relevant Minister, in this case Mr. David Owen, who has got to make a living from advertising over the next few months. It is likely that he will be getting more from the ASA than from the tobacco companies.

The ASA reckons that He is giving the new vetting existence of a vetting procedure system a year in which to prove his point.

Companies are fairly prejudiced against him.

In practice the start. So it is quite possible that the majority of the new advertisements in 1977 will be getting

more from the ASA than from the Department of Health and Social Security inspecting new advertisements around 10 tobacco advertising and, per cent are sent back for haps, limiting promotions to improvement.

## Crown supports art

BY ANTHONY THORNCROFT

ONCE day now Mr. Harold Lever's Phillips and David Redfern to committee on the arts should publish its report suggesting the artist's own understanding of alternatives to Government aid a domestic interior. In addition students at art schools will be interpreting the same theme industry will be encouraged to increase its sponsorship. Crown, a division of the Reed subsidiary, WPM, has got in first. It is to sponsor an art exhibition.

The commercial justification for the venture lies in Carisma, a design conscious, slightly up market range of vinyl (and now ready pasted wallpaper), which Crown introduced in export markets a year ago, and in the U.K. in the spring. Crown is aware that it lacks a portfolio for interesting design among AB consumers and Carisma is aimed to put the company on a par with Vymura and Sanderson.

Carisma has been supported with around £30,000 worth of advertising this year, but by the spring of 1977 the budget should be closer to £200,000, or around a third of the Crown wall coverings appropriation.

To back up the advertising there will be a public relations exercise built around the art sponsorship.

Basically Crown has asked ten artists, including John Bratby, E. Box, Patrick Hughes, Tom

go a long way in the art world.

Crown is the kind of company that the arts needs. Although sales of wall coverings are flat this year WPM has half the market and the total Crown promotional budget for both coverings and paint is over £15m. a year. Just a little of this could

be invested in the arts.

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# Treasury fables for grown-up children

IT IS often supposed that in to infer this for ourselves, as economic education would help the reader is not assumed adult with many of our problems. enough to give the Treasury's actual calculations or to understand that they are subject to a range of error.

every and controversial and unsettled nature of the subject. But the kind of arithmetical half-truth which it looks like Governmental circles does more pessimistic projection possible than more harm than good. This applies especially to the two projections with which the Treasury presented the National Economic Development Council yesterday afternoon that Britain was entitled "Past Trends Case" and the other "Improved Industrial Performance Case". The whole document is being a fairy tale for children rather than a serious piece of reasoning. The two projections are as far from forecasts and targets, as the highest "scenarios" articulately put. There is no clear explanation of how the projections are arrived at, of what they are supposed to mean, or what the underlying relationships are. The general moral is clear enough. The more pessimistic projection shows unemployment falling to about 4% per cent. or just over a million (excluding school leavers and semi-domestically unemployed) by the end of 1977 or the beginning of 1978, with no further improvement after that and a hint of renewed deterioration in the view to the course of 1978. Even these refined figures, which are meant to frighten, are not explicitly mentioned and have to be inferred from the output figures. See box page 2.

The second projection shows allowed to show a faster growth of output, led by exports, and a gradual drop in unemployment, which as far as one can see should be about 300,000 or 3 per cent. by the end of 1979. But again we have a crude reason why it fails to do so. It is that the loading system is directed to keep other terminals in Britain and not to be used on North Sea from The General Manager, Carter Cooling Towers. Sir—Parliament is this week discussing the problems of the water shortage and no doubt we shall get the usual comments about five inches of rain a month. Do water and don't wash the house of four people can save 100,000 about 120 gallons per day. More than double that figure applies to the water the garden. They have to pay for that water whether they use it or not. But the cost of the small plastic factory with only a single mounting machine that could produce an easily consume 25,000 gallons a day, a normal day, as much as 120 households. They pay for every gallon and then probably pay an extra charge for the privilege of throwing it away.

Large industries like steelmaking plants have to pay for re-cycling their process and cooling water because they have no alternative. They could buy sufficient water available to save even in normal times if supplies were available. The cost of water would be proportionate. The real water-wasters are the small industries who prefer to pay for water as overhead rather than face up to capital expenditure for recycling. What they fail to appreciate is that the equipment for recycling can be paid for out of water savings in a matter of months. Even if capital is not available, hire purchase is still easier than buying and wasting.

## Steelmaking capacity

From Mr. J. Aylen.

Sir—Renewing his arguments against the expansion of Port Talbot, following your correspondent Dr. Kay (August 2), stresses the importance of developing balanced works where a designer and manufacturer re-cycling equipment to alert industry to the possibilities of saving water, and becoming fully independent of water supply. He is usually used of having vested interests in selling off equipment and this is inevitable. If we don't privatise the fact something like 25 per cent. our daily water usage could save them who will?

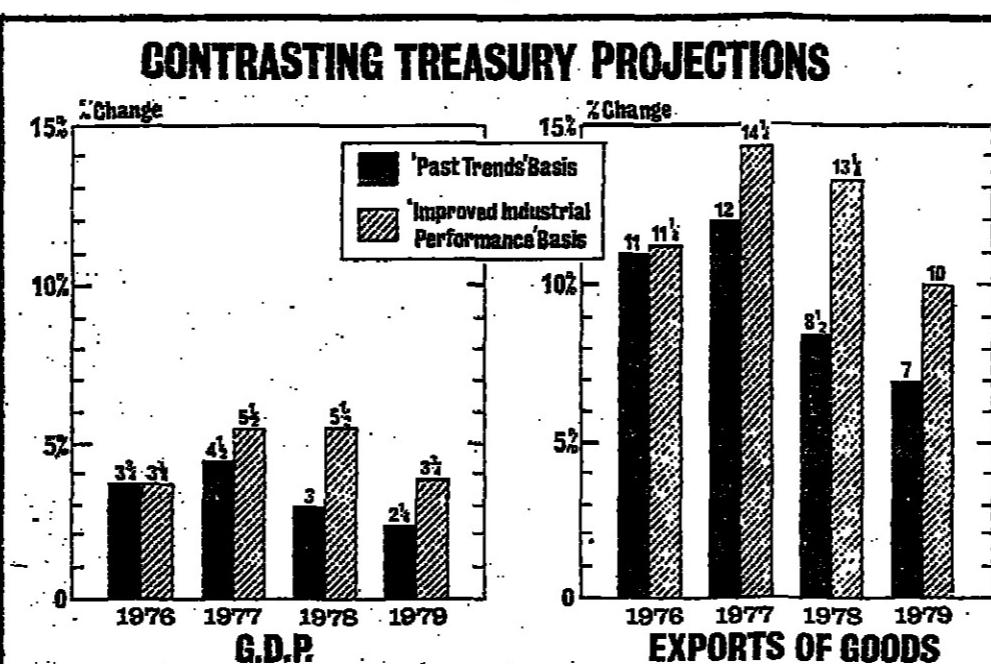
The facts are that industry in U.K. uses about 1.2m. gallons of water per day. Much of this is potable water used for cooling processes and could be recycled. Even if only 10 per cent. is saved it would make an appreciable difference to our position. Like everything in our economy, some pressure, whether legal or financial, has to be brought to bear before action is taken. It is high time that the real water-wasters are exposed and educated in management. Then, perhaps, I can turn my garden and revive my flagging tables.

Milington Hill Road, Birmingham.

## top the wealth tax now

Mr. S. Pampill.

One of the conditions down the TUC for its part of the "Social Contract" is apparently the introduction of a wealth tax. Though wealth is already dissipated through the suggestion of capital gains tax thus left with a new strip mill and insufficient iron or steel capacity to meet its needs. Dr. Kay further argues against the tax or not. I am certain not, particularly given the framework of one state body.



The recent fall in sterling and did not in the past have over a little better than constant exchange rates adjust for million unemployed. Nor is it any difference in international good enough to refer to the inflation rates.

The two projections further assume that there will be no inflationary explosion in 1977 despite fears about rising imported material costs and a recovery in wages and salaries are said to "rise broadly in line with price increases" which leaves one hanging in the air. But no assumptions about money wages are really necessary if constant competitiveness is brought about through the exchange rate.

Why then does unemployment remain so high in the first projection? It is not good enough simply to say that it represents "a mechanical extrapolation of past trends." We

down as far as NEDC would like to say that the underlying model is suspect; but that even in terms of the Treasury's own traditional way of looking at the economy, the Council has not been presented with an adult paper, but one whose motto is "theirs not to reason why."

The Treasury's medium term paper is nevertheless written in sparkling prose compared with the accompanying document "Industrial Strategy: Next Steps". This is supposed to explain how the improved performance will be brought about. It is nearly unreadable. The strategy is almost entirely in terms of rounds of consultation in and between SWPs (Sector Working Parties). These committees will talk to each other and to Whitehall and may set targets, but for illustrations purposes only.

The sad thing is that because of the turnover of politicians and officials, those engaged in the present industrial strategy do not remember the 1965 National Plan and sincerely think that they have made big advances on it. But in fact the hard core ideas, such as the check lists for action, are virtually the same. Such change as there has been is nearly all deterioration.

The official reason is "simplicity in making the projections." But I suspect that there is another reason why this particular simplification has been chosen. Let us suppose all the improvements had come from productivity. Then the conventional models would have shown either no improvement in the unemployment rate of an increasing payments deficit. The only way of avoiding these perverse effects would have been to allow a faster rate of exchange depreciation to improve our competitive position.

I could sum up my criticism of the official medium term

## Letters to the Editor

### The water wasters

larily if my wealth is less than that of the majority of Cabinet Ministers. To tax wealth or capital and to spend it as income can only lead to disaster.

There is no point in saving and investing throughout the whole of one's working life if at the end those savings are to be confiscated and squandered by a profligate Government rather than that one would spend the money in foreign travel and luxuries which had been seconded to savings in the past.

The answer is that savings in steelmaking furnaces are not thousands of savers in this country think similarly. They stand up and shout now before it is too late and impress them to repeat savers' votes at Redcar, thereby saving on design costs and securing the benefits of learning. Far better then to realise the full potential economies of scale at every stage in the sequence of manufacturing processes by expanding Port Talbot to 5.7m. or 6m. tonnes and developing a works which has just the right combination of plant units at each stage of production to be in balance overall.

Finally may I apologise for a misinterpretation of Tony Cockerill's evidence in an earlier letter (July 27). Tonne for tonne, a two converter steel-making shop at Shotton producing 2.5m. tonnes a year would work out 58 per cent. dearer (not 34 per cent. as given earlier) as compared with the three converter scheme at Port Talbot as well as bearing a 12 per cent. penalty in terms of operating costs.

The credibility of the insurgents, especially in the eyes of the Iraqi Kurds, has been greatly diminished after the swift collapse of the insurgency in 1975 and the coming to light of the fact that it was fundamentally dependent on the collusion and backing of foreign powers. This puppet aspect became particularly clear when it was revealed that the CIA had fostered and used the insurgency for its own purposes, against Iraq. (Report of the U.S. House of Representatives Intelligence Committee.)

Iraqi Kurds are now more than ever aware of the fact that autonomy can only be achieved within the framework of Iraqi national unity and that any other approach which may be advocated by a foreign power would be in the interest of no one but that foreign power. For instance, the Syrian regime which "appears at the moment to be the Kurds' main ally in the Middle East," as you state in your report (July 26), has recently elicited comment in the British Press to the effect that the Kurdish minority there is severely oppressed.

After the defeat of Barzani in March 1975, not only the majority of those armed insurgents who had accompanied him to Iran, but also a number of their prominent leaders, such as Mr. Habib Karim, Secretary General of the then KDP, Mr. Dara Tawfiq, Mr. Saleh Al-Yosofi, both of them members of the Political Bureau of the KDP, returned to Iraq.

As for the alleged "clashes" I may point out that, for the first time in many years, the north of Iraq is witnessing a tourist boom which has brought tens of thousands of Iraqi holiday-makers and visitors from the Gulf states swarming to its numerous attractions. In such a context, it is clear that all this talk of "clashes" is a matter of wishful thinking on the part of the remnants of the insurgency representatives.

The Geneva-based "International Progress Organisation" which has among the members of its board Mr. Hans R. Kleckaty, ex-Federal Minister of Justice, having conducted investigations in Kurdistan, in the years 1975 and 1976, had this to say in its letter of May 14, 1976, addressed to Dr. Kurt Waldheim, Secretary General of the United Nations: "We are of the opinion that the autonomy law offers an example of peaceful coexistence of various ethnic groups within the framework of one state body. N. Al-Haditha, Queen's Gate, S.W.7.

### GENERAL

Dr. Henry Kissinger, U.S. Secretary of State, in London on the first stage of his visit to Iran, Afghanistan, Pakistan, France and Italy. He is expected to meet Mr. Callaghan, the Prime Minister, and Mr. Anthony Crossland, Foreign Secretary, for talks on Southern Africa.

Union talks with management of British Nuclear Fuels on works fire brigade dispute at Windscale, West Cumbria.

PARLIAMENTARY BUSINESS

House of Commons: Drought Bill remaining stages.

Confederation of British Industry: marketing and consumer affairs committee meets.

It is such aspects, together with the question of redundancies, which rightly occupy my mind as leader of the Civil Service trade unions.

W. L. Kendall.

19, Rochester Row, S.W.1.

## Kurdistan autonomy

From The Press Attaché, The Iraqi Embassy.

Sir—For some time now, the representatives of the defeated Barzani insurgency have been trying to circulate reports about "clashes in the north of Iraq," as indicative of a renewed insurgency.

Finally may I apologise for a misinterpretation of Tony Cockerill's evidence in an earlier letter (July 27). Tonne for tonne, a two converter steel-making shop at Shotton producing 2.5m. tonnes a year would work out 58 per cent. dearer (not 34 per cent. as given earlier) as compared with the three converter scheme at Port Talbot as well as bearing a 12 per cent. penalty in terms of operating costs.

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## To-day's Events

operative and also NVT Motor-cycles at Shenstone.

Dr. John Gilbert, Minister for Transport, visiting Port of London to view container operations at Tilbury Docks. He will also tour the West Africa Terminal and the Royal Docks.

Union talks with management of British Nuclear Fuels on works fire brigade dispute at Windscale, West Cumbria.

PARLIAMENTARY BUSINESS

House of Commons: Drought Bill remaining stages.

OFFICIAL STATISTICS

Provisional figures of vehicle production and estimates of new car registrations for July.

COMPANY RESULTS

Dixons Photographic (full year).

Great Portland Street, 11 Fleming Robert, S. Crosby Square, E.C. 2, Kennedy (Allan), Stockton on Tees, 10.30 Warwick Engineering, Birmingham, 12.

OPERA

English National Opera production of Tosca, Coliseum Theatre, W.C. 2, 7.30 p.m.

Glyndebourne Festival Opera performs Così Fan Tutte, Glyndebourne, Lewes, 5.10 p.m.

BALLET

Mazovce (Polish Dance Company), Royal Festival Hall, 7.30 p.m.

SPORT

Cricket: Minor Counties v West Indies, Torquay. Tennis: Great Britain v Italy (European final).

Equestrian: Dublin Horse Show, 117-123.

**Booth's**  
Finest Dry Gin

Double glazing.

What's better than having the smooth, dry taste of Booth's Gin all to yourself?

Sharing your good taste with a friend.

Smooth Booth's

# COMPANY NEWS + COMMENT

## G M Firth pays same despite big fall

AFTER FALLING from £505,000 to £20,000 in the first half, pre-tax profits of steel stockists and merchants G. M. Firth (Metals) finished the year to March 31, 1976, down from £801,480 to £32,448, turnover of £54.1m. compared with £20.44m.

A steady recovery in volume and margins has taken place in 1976, say the directors, and a considerable recovery in profits is expected for 1976-77.

In view of the better trading, they are proposing that the dividend be maintained at 5p per 10p share with a final payment of 3p. Earnings are shown at 0.56p against 14.4p per share.

**Group turnover** £42,160 10,435,142  
**Trade profit** 307,671 1,067,592  
**Depreciation** 102,353 94,352  
**Interest and dividends** 12,499 80,464  
**Profit before tax** 17,350 477,208  
**Net profit** 11,908 274,262  
**Particular credit** 1,200 1,200  
**Making up** 25,291 25,291  
**Interest dividend** 31,700 22,494  
**Provision for losses** 16,078 16,078  
**Amounts written off** 107,108 107,108  
**From reserves** 5,293,912  
\* Less credit to investment creditors. \*\* Excluding capital issue in last £25.1m. retained.

### Comment

Although G. M. Firth expects a considerable recovery, profits this year could still fall far short of the previous year's £800,000. In March 1976, at James Austin Steel Holdings dropped from the first four months of the current year, the volume of orders £9.1m. to £8.24m. and pre-tax profit has picked up by a third. This was £1.1m. compared with margins could be squared with the group's continuing concentration on improving the quality of its stocks in the face of continuing tough competition for orders from the 22.8% to 14.34% the final dividend, £74,689 net, raises the depressed shipbuilding industry and other users of heavy steel total from £3.75m. to £4.746m. plate. Although an upturn in demand is seen for thinner gauges of sheet steel from the motor and consumer durable sectors, the heavier end of the market — which is Firth's main territory — is not expected to revive significantly until well into 1977. Meanwhile, with stocks still at over £2m., no reduction in the £1m. overdraft has been achieved. At 5p the shares yield 16.3 per cent.

### SANGERS OPTIMISTIC

The chairman of Sangers Group, Mr. Hugh Nicholson told the annual meeting that between March and July turnover had increased by 23 per cent, and he anticipated for the year as a whole that rate would be maintained. This should lead to an increase in profits although expenses continued to increase with inflation.

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## Jas. Austin down by £0.51m.

the steel-stockholding business. Steel price increases should boost profits, while the group's ability to maintain high stocks will, it is hoped, stand up to the supply problems arise. The shares at 71p give a yield of 9.8 per cent, covered three times and the p/e is 5.2, putting it among the more attractive in the sector.

### Lennons set to expand

Growth is returning to the supermarket operation of Lennons Group and the wine and spirits division is on the up. The chairman, Mr. D. P. Lennon states that the cash position has been very sound throughout the year and continues to be so at the present time. Availability of funds has enabled the company to buy at the most advantageous prices and forms a strong basis for future expansion.

### Comment

In the wide range of markets it supplies, an uncharacteristically strong balance sheet for a steel-merchant. James Austin has shown some resilience against the recent severe depression in the industry. However, trading profits were down by 46 per cent in the second half compared with a 27 per cent decline in the first. While over the year, margins dropped a full five points in reflection of the group's exposure to construction industry trends. Demand is now improving, but particularly as the group is expected for some months yet, largely in the heavier end of

optimism.

It is intended to create a new position of honorary president and the former chairman, Mr. Terence Lennon will be invited to accept the appointment. Meeting, Warrington, Cheshire, August 27 at noon.

### Stanneylands slumps in second half

Taxable profit of £90,935 is announced by Stanneylands Group for the year to March 31, 1976. This compares with £233,812 in the previous 1½ months and the directors say the results are disappointing in view of the first half's better figures and the continuation of this trend in the hotel accommodation and banqueting sections.

The half-year to September 14, 1975, profit was £89,709 compared with £89,105 in the six months to September 30, 1974.

The fall in profits in the second half is attributable to losses in the smaller units and to a gross profit deficiency suffered by a subsidiary company with wholesale and re-

marketing.

London & Northern Securities Group has discovered that there has been a technical breach of the borrowing limits contained in the trust deed constituting the £900,000 9 per cent, unsecured loan stock 1986-81 of E. Fletcher Builders, a wholly-owned subsidiary of its Bardolin company.

Telling shareholders that at yesterday's annual meeting, Mr. Jock Mackenzie, said immediate steps were being taken to rectify the situation. Proposals are to be submitted to E. Fletcher stockholders in which they will be asked to waive the breach in consideration of an increase of 1 per cent. in the interest coupon and guarantees of the stock by Bardolin and L and NG.

It is understood that a writ-off of land values occasioned the breach. An L and NG spokesman said last night that the proposals for dealing with the position have been discussed and agreed with the trustees, Commercial Union Assurance, and the Investment Protection Committee of the British Insurance Association.

Mr. Mackenzie said at the meeting that management expects the profit to rise in line with estimates so that he could confirm his forecast of record profits in 1976. New construction work in the U.K. worth over £20m. had been awarded in the past five weeks. Group borrowings were now less than £30m., against £35m. at the end of 1975, and a further reduction was expected by the end of the year.

**FRANCIS PARKER**

Francis Parker, the concrete and housebuilding private equity company based in Huddersfield, has entered into detailed negotiations to sell the whole or part of its mineral and land-based gravel and ready mix concrete interests to Amey Roadsides Corporation, the Consolidated Goldfields subsidiary. Total book value of the assets involved is about £5m., representing some 25 per cent of gross assets, and chairman Mr. R. K. Francis, makes it clear that a successful offer will have to be close to that figure.

It appears that Amey has long been interested in acquiring this part of the Francis Parker business. Mr. Francis says that the main reason why he is now willing

to sell outlets. However, the disposal of three of the establishments and restrictions imposed upon the widest distribution should improve profitability in the current year, the directors add.

Stated earnings are 1.1p per 10p share (3.53p) and there is no final dividend—the 0.7p net interim compares with the previous period's 2.77p.

**Year** 1971 1972 1973  
Turnover £391,512 £391,542  
Pre-tax profit 90,452 233,812  
Taxation 60,600 134,100  
Attributable 21,288 58,827  
Ord. dividends 21,000 21,000  
Ord. Income above £10,000 1,000  
Other 1,000

£1,000 of accounting loss is not accounted for deferred tax in respect of joint venture fixed assets. After extraordinary item £21,000 (£38,011).

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# Lamson produces £4.4m. in first half

**ROFTS BEFORE tax of Lamson Industries for the half-year ended June 30, 1976, at £44.5m., are 7% up on last year's £41.5m. for the same period last year. Sales improved from £61.5m. last year to £67.02m.**

Earnings per 25p share before extraordinary items are up from 10p to 13.5p. The net interim dividend is 10p, paid at 1.15p—last year's total was 2.5p from pre-tax earnings of 26.62p.

The directors say that if the flow of currency changes in the next six months, Lamson's net profit will have been overstated by approximately £250,000 as disregarded losses which had been recorded over the past year were exceptionally poor, they add.

Profit in the second quarter of this year at £1.6m. pre-tax was lower than the £2.3m. recorded in the first quarter on a turnover down from £34.8m. to £32.65m.

Incoming business for the second half of the year, which is up by approximately £1.5m. to £10.8m. in the first six months, is still 34 per cent up on last year.

It must be remembered, however, that results for the second quarter of last year were exceptionally poor, they add.

Profit in the second quarter of this year at £1.6m. pre-tax was lower than the £2.3m. recorded in the first quarter on a turnover down from £34.8m. to £32.65m.

For the first six months, net profit rose 12.2% after tax.

Dividends are shown as 10p per 25p share.

External turnover £10.8m. Trading profit £1.6m.

Interest expense £1.05m.

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Interest

## MINING NEWS

# CRA and AM & S £92m. share merger

BY KENNETH MARSTON, MINING EDITOR

**THE** Rio Tinto-Zinc group's Bougainville, however, is incorporated in Papua and pays the Conzinc Riotinto of Australia's one-for-one share offer for the remaining 26.5 per cent. of the Australian lead-zinc-silver-producing Australian Mining and Smelting which is not already owned by CRA. At last night's London share prices of 239p for CRA and 290p for AM and S the deal is worth some £92m.

There are three reasons for the merger. One is the usual expectation that a consolidation will provide the greater financial strength which can be employed in the development of existing and new ventures.

It will be recalled, for instance, that AM and S is taking a one-third stake in the \$37m. (£22m.) Woodlawn zinc-lead-copper-silver find in New South Wales. There will also be rationalisation of the companies' exploration programme which is jointly shared as to 21.57 per cent. by CRA and 78.43 per cent. by the smaller AM and S.

**Political aspect**

But particularly important in the light of Australia's desire to achieve a larger domestic participation in the country's resources is the fact that the deal will reduce the London parent's stake in CRA from 80.5 per cent. to 72.6 per cent. This will be also reflected in the pooling of CRA and AM & S coal resources.

They include the Blair Athol, Tarong and Kembla Coal and Coke interests. Furthermore, CRA has the option to acquire a major stake in the huge Hail Creek coking coal venture in Queensland. Admittedly, RTZ's large holding in CRA still exceeds Australia's aim of a 50 per cent. local ownership of equity, but the proposed merger is a gesture of goodwill.

**FLOGGING THE DEAD HORSES**

Special taxation concessions for the production of gold in Australia are to be phased out by 1980, making the gold mining industry subject to the same taxation treatment as other branches of mining there.

The decision was announced by the Federal Government after a year's consideration of recommendations from its Industries Assistance Commission. The concessions have been worth about \$A12m. (88.3m.) a year in recent times. The commission estimated that the cost on present trends could exceed \$A40m. a year by 1980.

Meanwhile, it is understood that CRA's 53.6 per cent-owned Bougainville Copper will not be affected by the proposed increase in Papua New Guinea company income tax from 33½ per cent. to 45 per cent. This only applies to companies which are not incorporated in Papua but which operate through subsidiaries they enter the full tax period there and it will cover the 15 per cent. withholding tax so far valuing ore stocks on hand at avoided by such subsidiaries either cost or market value.

## Amcoal profits

BETTER than expected results for the half-year to June 30 are reported by Anglo American Coal Corporation. The South African producer adds that because of continued increases in both domestic and export sales plus the substantial domestic coal price increase of 226 cents (145p) per tonne authorised on July 2, group earnings for 1976 will exceed the total of 108 cents (68.5p) per share published in last November's merger documents.

No profits for the past six months come out at 11.8m. (£7.6m.), or 50.2 cents (32.3p) per share against R3.7m. for the first half of last year. It is pointed out, however, that a true comparison between the two half-year figures is not possible because of the substantial revaluation of the subsidiary acquisitions made in 1975. An interim of 13 cents (8.6p) is declared.

Amcoal says that part of its forecast financial requirements is represented by existing net capital commitments of R45m. A deal on the export of steam coal will be made in the near future and consideration continues to be given to the best means of raising the additional finance required for this business. Amcoal is also reflected in the pooling of CRA and AM & S coal resources.

A relationship between the Anglo American Corporation's Canadian Hudson Bay Mining and Smelting has granted an option exercisable on or before August 30, 1978 to Laram of Calgary, the management services company of the Laram group, to purchase its interest in Western Decalta Petroleum for \$33m. (R18.8m.), equivalent to approximately \$3 (43p) per share.

Upon exercise of the option, Laram would purchase from Hudbay 2.9m. Common shares, 85m. convertible Decalta Debentures (convertible into 1m. Common shares) and \$1.3m. convertible Decalta Income Debentures (convertible into 188,000 Common shares) and Laram would assume all unpaid obligations on the debentures for 188,000 Common shares. This would give Laram a 35.6 per cent. equity interest in Decalta and, upon conversion of the Debentures on a fully diluted basis, a 43.8 per cent. equity interest in Decalta.

Although Laram has made no commitment to make a similar offer to other shareholders of Decalta, it is considering doing so, and in order to permit Laram time to prepare offer documentation, Hudbay has agreed to extend the period during which the option is exercisable until December 6, 1978 for an additional option consideration of \$3.1m. The initial option consideration received by Hudson Bay Mining was \$225,000.

**MINING BRIEFS**

**PICCON MINES**—June quarter: Mined 52,700 tonnes, March quarter: Mined 52,700 tonnes, March profit: \$12,294 (98.677). Capital expenditure: \$102,348 (7,521).

**MONT KONG TIN**—July to output 1,000 tonnes.

**KILLINGHALL TIN**—July to output 332 tonnes.

**SAINY PIRAM**—Production of tin in concentrators for July: United Kingdom (11,407 tonnes treated): 112 tonnes (June 1975: 112 tonnes); United States (1,000 tonnes): 100 tonnes; South Africa (mine was closed down for one week of the annual holiday in July).

The Western Australian premier, Sir Charles Court, said that Broken Hill Proprietary and Newtonson partners in the Teller gold project in the Pilbara had cause for grave concern at the loss of gold tax concessions.

He called the move "a body blow to an industry already on its knees," reported our Perth correspondent. Sir Charles added: "The Kalgoorlie gold mines are not making enough money to pay tax anyway, so the announcement is superfluous to them at the moment. However, it has dampened their hopes for the future. It will discourage capital investment in the few remaining mines."

**Hudbay gives Loram \$33m. Decalta option**

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The announcement outlined transitional measures to ease the change for gold producers.

They will be able to carry forward tax deductions for unrecuperated capital expenditure incurred during the last ten years of the concession scheme. And when they enter the full tax period, there and it will cover the 15 per cent. withholding tax so far valuing ore stocks on hand at avoided by such subsidiaries, either cost or market value.



## De Beers Industrial Corporation Limited

("the Corporation")  
(Incorporated in the Republic of South Africa)

### Interim report to members for the half-year ended 30th June 1976 and notice of declaration of dividends

The following are the unaudited results of the Corporation and its subsidiary for the half-year ended 30th June, 1976, together with the comparative figures for the half-year ended 30th June 1975, and for the year ended 31st December 1975:

	Half-year ended 30-6-76	Half-year ended 30-6-75	Year ended 31-12-75
Investment income and sundry revenue	5,505	5,182	8,676
General expenses	46	39	98
Group profit before tax	5,459	5,143	8,578
Tax	127	60	175
Group profit after tax attributable to De Beers Industrial Corporation Limited	5,332	5,083	8,403
Preference dividend of 5.5 cents per share declared 9th March 1976	55	55	
Cost of interim dividend of 32.5 cents per ordinary share (1975: 22.5 cents). (See dividend announcement below)	3,575	2,475	

**Note:**  
It should not be assumed that the results for the half-year ended 30th June will be repeated in the half-year ending 31st December, since income does not necessarily accrue evenly throughout the year.

**SOUTH AFRICAN NYLON SPINNERS (PROPRIETARY) LIMITED ("SANS")**

Agreement in principle has been reached for AE & CI Limited ("AECL") to acquire the entire issued capital of SANS. In the event that the agreement is finally negotiated and carried into effect, the Corporation will exchange its shareholding in SANS for ordinary shares in AECL, which shares will not rank for the interim dividend declared by AECL on 22nd July 1976.

**DIVIDENDS**

Declaration of Dividend No. 52 on the Ordinary Shares

Members are informed that it has been decided to increase the interim ordinary dividend from 22.5 cents per share to 32.5 cents per share with the objective of bringing the interim and expected final dividends into line. Dividend No. 52 of 32.5 cents per share (1975: 22.5 cents) being the interim dividend for the year ending 31st December 1976, has accordingly been declared payable to the holders of the existing ordinary shares registered in the books of the Corporation at the close of business on 22nd September 1976.

Declaration of Dividend No. 65 on the Preference Shares

Dividend No. 65 of 2.75 per cent. equivalent to 5.5 cents per share in respect of the six months ending 30th September 1976, has been

## BIDS AND DEALS

## ADI replies with big dividend rise

**FORECASTING** a more than doubled dividend to 5,037.5p for 1976, AD International, the dental products group, has again strongly rejected the U.S. company's latest £18m. bid as "wholly inadequate."

He called the move "a body blow to an industry already on its knees," reported our Paris correspondent. Sir Charles added: "The Kalgoorlie gold mines are not making enough money to pay tax anyway, so the announcement is superfluous to them at the moment. However, it has dampened their hopes for the future. It will discourage capital investment in the few remaining mines."

**Hudbay gives Loram \$33m. Decalta option**

The Anglo American Corporation's Canadian Hudson Bay Mining and Smelting has granted an option exercisable on or before August 30, 1978 to Laram of Calgary, the management services company of the Laram group, to purchase its interest in Western Decalta Petroleum for \$33m. (R18.8m.), equivalent to approximately \$3 (43p) per share.

Upon exercise of the option, Laram would purchase from Hudbay 2.9m. Common shares, 85m. convertible Decalta Debentures (convertible into 1m. Common shares) and \$1.3m. convertible Decalta Income Debentures (convertible into 188,000 Common shares) and Laram would assume all unpaid obligations on the debentures for 188,000 Common shares. This would give Laram a 35.6 per cent. equity interest in Decalta and, upon conversion of the Debentures on a fully diluted basis, a 43.8 per cent. equity interest in Decalta.

Although Laram has made no commitment to make a similar offer to other shareholders of Decalta, it is considering doing so, and in order to permit Laram time to prepare offer documentation, Hudbay has agreed to extend the period during which the option is exercisable until December 6, 1978 for an additional option consideration of \$3.1m. The initial option consideration received by Hudson Bay Mining was \$225,000.

The announcement outlined transitional measures to ease the change for gold producers.

They will be able to carry forward tax deductions for unrecuperated capital expenditure incurred during the last ten years of the concession scheme. And when they enter the full tax period, there and it will cover the 15 per cent. withholding tax so far valuing ore stocks on hand at avoided by such subsidiaries, either cost or market value.

**ELY IN FRANCE**

EMI's French subsidiary, Pathé Marconi EMI, has acquired control of the Sonopress music and recording group, which was formed by the merger of companies owned by Librairie Hachette and Mr. Gerard

Tournier, who previously each put forward proposals for a closer association between the Phipps interests and Lyon and Mor Records and is claimed to have some 15 per cent. of the pop record market in France, including distribution contracts.

Meanwhile, Lyon and Mor forecasts that its pre-tax profit for the half-year to June 30 will be £17,000, against £48,000, the improvement reflecting a general advance in all trading subsidiaries and steps taken to eliminate unprofitable lighterage operations. Prospects for the full year are described as encouraging.

**Letraset offer for Winsor and Newton**

Letraset has bought a 20.6 per cent. holding in artist materials group Winsor & Newton at prices of up to 100p, and is making a bid to all shareholders on the basis of four Letraset shares, plus £280 cash for every £100 in Winsor & Newton. Terms value W & N shares at around 106p with Letraset closing yesterday at 73p, up 1p on the day.

The Stock Exchange had earlier suspended the W & N quotation following a holding statement from financial advisers Hill Samuel that an approach had been made that could lead to an offer.

This was clearly issued to stop further speculation. The shares, having risen 4p on Tuesday, opened further up 1p yesterday morning, and were marked up to 100p on the first announcement, at which point they were suspended.

The last W & N accounts showed that the only major shareholding was that of Damian Investment Trust, which, at December 31, 1975, had a holding of around 10.75 per cent. of the K and H equity—not to accept the offer, which K and H insisted had substantially underlined its property portfolio.

Wells said last night that it would shortly send a further document containing detailed information on valuations carried out by J. Trevor and Jones Lang Wootton.

A complaint by K and H that the Welfare document dated July 21 concerning valuations had not carried all "material factors and considerations" led to discussions with the Panel on Take-Overs and Mergers but Welfare said last night that the Panel had found in its favour on every count.

The bid, which values Winsor and Newton at over £6.2m., is subject to the usual conditions and assurances have been given to Letraset that it will not be referred to the Monopolies Commission.

See Lex

**ARLINGTON PURCHASE**

Arlington Motor Holdings is a holding company in which Dr. Colin Barnes Phillips and associates hold a 24.77 per cent. stake, said last night that Dr. Phillips had said he intended to

sell his interest in the company.

**LYON & LYON**

Lyon and Lyon, the Yorkshire holding company in which Dr. Colin Barnes Phillips and associates hold a 24.77 per cent. stake, said last night that Dr. Phillips had said he intended to sell his interest in the company.

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## INTERNATIONAL COMPANY NEWS + EURO MARKETS

# Japanese banks gearing up with equity rights issues

BY DOUGLAS RAMSEY

APANESE banks are gearing up to keep pace with their own capital by rapidly restoring their capital-to-assets ratio to 10 per cent, that magical figure which the Finance Ministry considers a healthy basis on which to do business.

**Capital levels**

One of the prime reasons behind the new issues, however, is the immediate need to raise capital levels in order to comply with Government lending regulations which were made more stringent during the recession. In a nutshell, these regulations force banks not to consume loans above 20 per cent of their owned-capital level. So, for each year of the peace by adopting identical measures for securing new finance, Dai-ichi Kangyo (DKB), Japan's top bank with ¥116 billion (US\$2.6bn) in total assets, will shortly announce a similar ¥17.8bn, a jump of 35 per cent. All that is an appreciable increase and some smaller sums, including the Bank of Tokyo and Taito Kobe will get under full steam and demand to follow suit before year-end.

Since the last major round of

last month number-eight ranked

Mitsui Bank concluded a 37.5 per cent rise in its capital after a

similar rise at Kyodo Bank in April. This week, four other banks

announced details of their

unplanned capital expansions. Fuji

Sumitomo, Mitsubishi and Sanwa

have respectively the second-

largest banks in Japan, and a

total of 11 have agreed (as usual)

to keep the peace by adopting identical

measures for securing new

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The four banks announcing capital increases in 1973, the

details this week will be raising

ratio of capital to total assets for

most Japanese banks has gone

out of whack. The Finance

Ministry sees 10 per cent as a

suitable ratio for the big commercial banks, but in several

cases it has dwindled to 6 per

cent or even less, and bank

deposits have swollen in recent

weeks rather than abated following the large 15.8 per cent rise

registered in the last fiscal year.

The timing of new share issues comes a bit later than expected, primarily due to some reluctance at the Finance Ministry to authorise the increases until recovery was well under way. Apparently, those fears have now been dispelled both at the Finance Ministry and most banks.

The share issue details announced this week were closely monitored by Ministry officials who have always kept a tight rein on the banking sector. Their aim is to foster competition without letting banks vie for the "ranking" places in the sector through cosmetic changes in size, such as a large capital increase might seem.

**STOCK MARKET ROUND-UP**

## Prices buckle in thin trading

BY RICHARD ROLFE IN JOHANNESBURG

**PRICES** ON the Johannesburg Stock Exchange have bucked this week in thin trading, and even the sectors which have gone along with the end of the year have gone along with the price. The immediate cause of the reverse is the immediate situation of many deteriorating external political situations.

As far as the JSE is concerned, there is no real change in the price of the shares despite attractive yields.

Platinum had a good run in Johannesburg this week, with its export product believed to be rising.

Mitsui said 26 domestic subsidiaries reported deficits for the latest year, while many overseas subsidiaries experienced profit declines.

Depressed conditions on world commodity markets were a major factor, particularly in the case of grain, lumber and pulp markets, in which consolidated subsidiaries have large operations, Mitsui said.

The company also cited increased raw material and production costs, notably for group companies operating in the sugar and pulp and paper fields.

**Rejuvenation.**

This is the strategic aspect of Industrie Pirelli's rejuvenation; but the fact remains that in the short run the most important problem is to raise productivity.

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**GM pays more.**

GENERAL MOTORS Corporation raised its quarterly dividend to 50 cents from 50 cents available on September 10, record August 13, Reuter reports from Detroit.

**Kraftwerk Union.**

It was stated in the Financial Times edition of June 30 that the rotor of a Biblio-type electrical generator, built by Kraftwerk Union had exploded during tests. In fact, a short occurred in the stator of the generator during a test in which it was being run without cooling water. The machine was a 1200 MW generator bound for the Unterweser atomic power station. Thanks to natural water and a man encouraged about 1000 workers to leave last year on early pension, the labour force has been reduced over the last three years.

Negotiations are now taking place with the unions for the gradual replacement of individual bonus incentive schemes by a system of group production targets and working methods.

The grouping of 30 to 40 men into production groups aims at injecting further fresh capital in order to reduce this burden.

**CDF-Chimie view.**

THE FRENCH chemical industry has not yet returned to normal profitability, CDF-Chimie said in its latest bulletin.

Fertiliser activity remains weak and the recent ending of price controls on plastic materials may not compensate for the rise in the naphtha price since this was freed from controls in May, it said.

Recovery of activity among plastic material users remains fragile and world chemical production capacity is currently greater than demand, it added.

CDF-Chimie made a net consolidated 1975 loss of Frs 1.1m. (net profit 208m), Reuter reports from Paris.



Prices fall on the Johannesburg boards.

## Property ventures hit Assoc. Sec.

BY JAMES FORTN

SOCIATED SECURITIES Ltd, the finance group in which the Royal Bank of Scotland has a 50 per cent interest, incurred a \$4.6m. loss in year to June. The loss is largely attributed to the group's heavy move to property before the property market collapsed in 1974.

The result is actually an improvement since the halfway mark, when a loss of \$4.6m. was reported. This was attributable to abnormal items and provisions totalling \$4.2m., including possible future losses on foreign currency borrowings, possible future losses on exchange loans, possible diminution in the value of development projects, it actually earned a profit of \$4.6m. to put on the recovery.

Despite the reversal, ASL has had a final dividend of 2.5 pence, amounting to a total payout of 4 cents compared with 2.5 cents in the previous year. The dividend requires \$4.2m. which is to be paid by transferring reserves to revalue the profit which had been paid out by the declared loss.

ASL announced in January that it intended to reduce its investment in property and concentrate on consumer finance, to lead the way to increased profit.

### SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Mid	Offer	CONVERTIBLES	Mid	Offer
Aeon 1988	103	103	American Express 4/87	915	931
Aquilane 1988	104	105	Bear Stearns 4/87	1024	1024
Bawtree 1988	100	101	Batticre 4/87	1002	1017
Calico NL 1980	99	100	Borden 5/87	1004	1004
ECI 1980	100	101	Broadway Hale 4/87	77	78
EIB 1985	102	103	Brown 4/87	1000	1000
Erg 1985	102	103	Carnation 4/87	914	914
Fiat 1985	102	103	Chevron 4/88	1173	1181
Globe 1985	102	103	Dari 4/87	1078	1078
Harsco 1985	102	103	Easomar 4/87	1112	1112
Grange 1985	101	102	Exxon 4/87	1074	1074
GE Canada 1988	101	102	Fed. Natl. Bank 4/87	107	108
Macmillan Ferguson 1981	102	103	Prestone 4/88	972	981
McAfee 1985	101	102	Ford 4/88	972	981
NGC 1985	102	103	General 4/87	1000	1000
NGC 1988	102	103	General Electric 4/87	94	94
NGC 1990	101	102	Gulf 4/87	1074	1074
North. Hydro 1988	102	103	Gulf & Western 4/87	973	973
Philips 1985	102	103	Honeywell 4/88	102	102
Prudential 1985	102	103	ITT 4/87	764	765
Salvadore 1988	102	103	Kemper 4/88	1062	1068
Scandinav. 1988	102	103	J. Ray 4/87	1010	1010
Shell 4/88	101	102	Standard Elec. 4/87	104	105
Stead. Oil (Ind.) 1988	102	103	Standard 4/87	1072	1072
Svenska Handels 1986	101	102	Merck 4/87	1045	1045
Veba 4/88	102	103	Gillette 4/87	1074	1074
Worl. Hydro 1988	102	103	Gulf & Western 4/87	973	973
Yankee 1985	102	103	Honeywell 4/88	102	102
Yor. Quebec 4/84	100	101	ITT 4/87	764	765
Zodiac 1988	102	103	Kemper 4/88	1062	1068
NOTES					
Bank of Tokyo 1981	100	101	J. Ray 4/87	1010	1010
Barclays 4/82	102	103	Standard Elec. 4/87	104	105
Banque de France 1981	102	103	Standard 4/87	1072	1072
Chase Manh. 4/81	102	103	Merck 4/87	1045	1045
Dunbart. Mort. 4/80-83	101	102	Sperry 4/88	984	1000
ESCA 1981	101	102	ESCA 4/81	1000	1000
First Natl. 1981	101	102	Texaco 4/87	1072	1072
Montreal Trust 1981	97	98	Toshiba 4/86	1000	1000
National 10/80-81	100	101	Union Carbide 4/82	112	112
NGB 1981	99	100	Warner Lambert 4/87	992	992
Westpac 1981	100	101	Wells Fargo 4/87	1052	1052
Westpac 1982	101	102	Xerox 4/88	1045	1045

Weekly net asset value

on August 2nd 1976

Tokyo Pacific Holdings N.V.

U.S.\$37.49

Tokyo Pacific Holdings (Seaboard) N.Y.

U.S.\$27.34

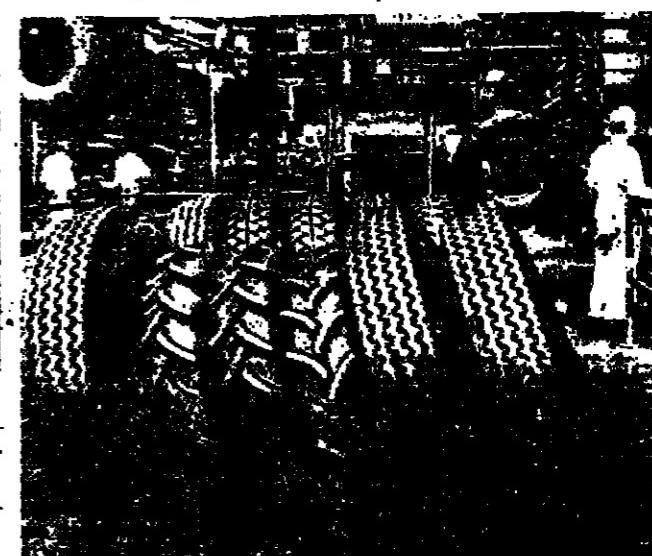
Listed on the Amsterdam Stock Exchange

Information: Peabody &amp; Peabody N.Y., Mezzanotte 214, Amsterdam

**INDUSTRIE PIRELLI**

# Strategy and the short term

BY ANTHONY ROBINSON IN ROME



AFTER ACCUMULATING L90.5bn. (about \$60m.) of losses over the last four years, Industrie Pirelli, the Italian operating company of the Pirelli-Dunlop union, came close to breaking even over the

## WALL STREET + OVERSEAS MARKETS

## Early rise attracts profit-taking

BY OUR WALL STREET CORRESPONDENT

**FOLLOW-THROUGH** demand Armstrong Rubber moved ahead again sent Wall Street up to-day, \$14 to \$204 on sharply higher levels were not always earnings held after some profit-taking.

Digital Equipment were up \$14. After rising a further 4.41 to 170, Corning Glass \$21 to Average, partially reacted to \$24. Standard Oil of Ohio \$22, Exxon \$14 to \$24 and American Home Products \$14 to \$24.

Another 17 cents up at \$35.73, Xerox gained \$14 to \$633, but while advanced led declines by a seven-to-five majority. Turnover to \$27 following some management changes.

Analysts added that interest in General Motors dividend increase to the pre-recession \$3 cents and anticipation of a Chrysler pay-out restoration was offset by an investigation into the car industry. The Federal Trade Commission said it was making an anti-trust probe of the car makers.

Motors were narrowly mixed. THE AMERICAN S.E. Market

Aluminum Company of America climbed \$2 to \$561—it while advances outnumbered de-

clines by 307-to-262.

Kaiser Industries gained \$1 to \$15, while Nolex also rose \$1 to \$35. Houston Oil and Minerals climbed \$1 to \$35.

## OTHER MARKETS

## Canada moves up

All sectors moved up in light

trading on Canadian Stock Markets yesterday.

The Gold Share Index regained

118 to 122. Industrial

Bank of Montreal \$14 to \$22,

Scotiabank \$14 to \$21.

Leading Western Oils, Dome

Steel held at \$24.

Alcan Steel advanced \$14 to \$24.

Asbestos advanced \$14 to \$31,

and Shell Canada \$14 to \$16.

PARIS — Generally slightly higher in thin trading.

Rubber, Engineering,

Rubbers and Metals all advanced,

but Banks eased, while Chemicals, Constructions and Oils were mixed.

In the Foreign sector, Ameri-

cans, Germans and Oils were higher, but Gold Mines declined

and Coppers were slightly easier.

OSLO—Banks, Shipments and

Financials rose.

Stocks traded briefly day

American Airlines, the most active issue, shed \$14 to \$15.

International Flavours and Fra-

ances moved ahead \$14 to \$24 on their second quarter net earn-

ings for the second quarter and omission of the quarterly dividend.

Stocks surrendered \$14 to \$6.

International Minerals and

Chemical fell \$14 to \$33 after

reducing profits.

Waraco dropped \$14 to \$7 on

losses for the second quarter and six months and omission of the quarterly dividend.

Stocks traded briefly day

American Family put on \$3 to \$12 on "sharply" higher second

quarter operating net earnings.

Motorola fell \$14 to \$34 fol-

lowing a 14 per cent change

in second quarter share price.

Stocks traded briefly day

THE AMERICAN S.E. Market

Value Index was up 0.15 to 103.87.

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# FINANCIAL TIMES SURVEY

Thursday August 5 1976

## NEW MOTOR PLANT

British Leyland's £97m. plant at Solihull for the new Rover 3500 is the biggest single investment by the motor industry for many years.

The market's response to this model will be watched with special interest in view of the recent launch of similar executive cars by Continental makers.

Base  
or the  
latest  
Rover

By Terry Dodsworth  
Motor Industry Correspondent

ANY CRITICS of British Leyland's model policy since the company was created in 1968 have a considerable element of risk that the market may become saturated.

It may be that the European market for executive cars has grown sufficiently to justify all this investment; certainly, the motor industry in general believes there will continue to be a considerable expansion in sales in Europe over the next decade. But all the same there is a high element of risk that the market may become saturated.

This line of argument rests on the point that

British Leyland's prime concern should have been to exploit the growing demand for up-market vehicles which emerged with increasing affluence in the 1960s. Both Rover and Triumph scored heavily with this policy after the launch, contemporaneously, of each company's 2000 model in 1963; but after the two companies came together under the Leyland banner, neither was given the chance to expand on this foundation in the way that both might have expected.

The main reason for this neglect was that Leyland chose

to give priority to the so-called "volume" car division at Austin-Morris. When investment funds were available, they were pumped into a string of new models starting with the Maxi and running on through the Princess and Allegro to the Princess. Triumph, it is true,

had the small 1500-Dolomite

—although this was based

on an inherited body styling

—neither the Coventry company nor Rover, based just up road at Solihull, were given funds for replacing their ex-existing models. Instead, a clever project to build a new limousine-type car was set off at a very late stage in

the early 1970s.

On the other hand, the question now facing Leyland is whether its new executive car has been delayed too long. The big Rover, and in fact, been unduly troubled by the problems of escalating fuel prices. And just at the age at which most cars are placed even in the quality car market, it has expanded steadily, allowing Mercedes, for instance, to continue to raise production even during the height of the oil crisis. Those companies with a range of up-market models which also contain cheaper and more economical vehicles—the German concerns come to mind again spring to mind—have not, however, been able to do so.

Overseas, the difficulties and opportunities are even more exaggerated. On the debit side, Leyland still needs to put together a good distribution network on the Continent which is capable of sustaining the 4 per cent. or so sales that the Ryder Report talked of as an attainable plan for the group. It must also overcome the problems of supply and servicing problems which have given the group an unfortunate image in most markets.

On the credit side, however,

the Continent represents a large new market for Leyland's executive range. The company has scarcely attacked it before with either the Rover or the Triumph marque, and the potential for

competitive pricing, and this

shared by the Volvo 264

characteristics. Leyland can add a car with such a characteristic

which is another competitor in the high quality traditionally the class. In Italy, another associated with some products new contender has emerged made under the Rover marque but lacking in many of its other products the vehicle could provide the Corporation with the unique 5 cylinder engine option. In Sweden Saab also produces a useful competitor, and the two most established manufacturers in the field—West Germany's BMW and Mercedes—have both been adding gradually to output and continuing a policy of new model introductions.

The need to incorporate quality is one of the reasons for the slow build-up of production from the lines at Rover in Solihull. The company is not only launching a new model, but commissioning a new plant, and clearly this poses problems in training and organising the workforce and ironing out snags in the machinery. On the other hand, once these problems are overcome, there is every reason why the Rover should be one of the best-produced vehicles in the company. The machinery incorporates the most modern technology, the paint plant (the major cause of quality problems in a car factory) is extremely advanced by world standards, and the working conditions are way ahead of most car plants either at home or overseas.

Leyland is planning to overcome these initial production difficulties quickly enough to be producing 1,000 units a week by the beginning of next year, with an eventual build-up to a target of 150,000 cars a year. These figures indicate the size of the task facing the marketing department. Even in the heyday of the big Rovers and Triumphs, output went much above 70,000 cars in total a year, and it has fallen well below that now. At the same time both cars have lost penetration steadily against the importers in recent years: car design has moved on, and the Leyland models have lost out both in interior room and exterior styling, with the effect that the important home base of the company has been eroded.

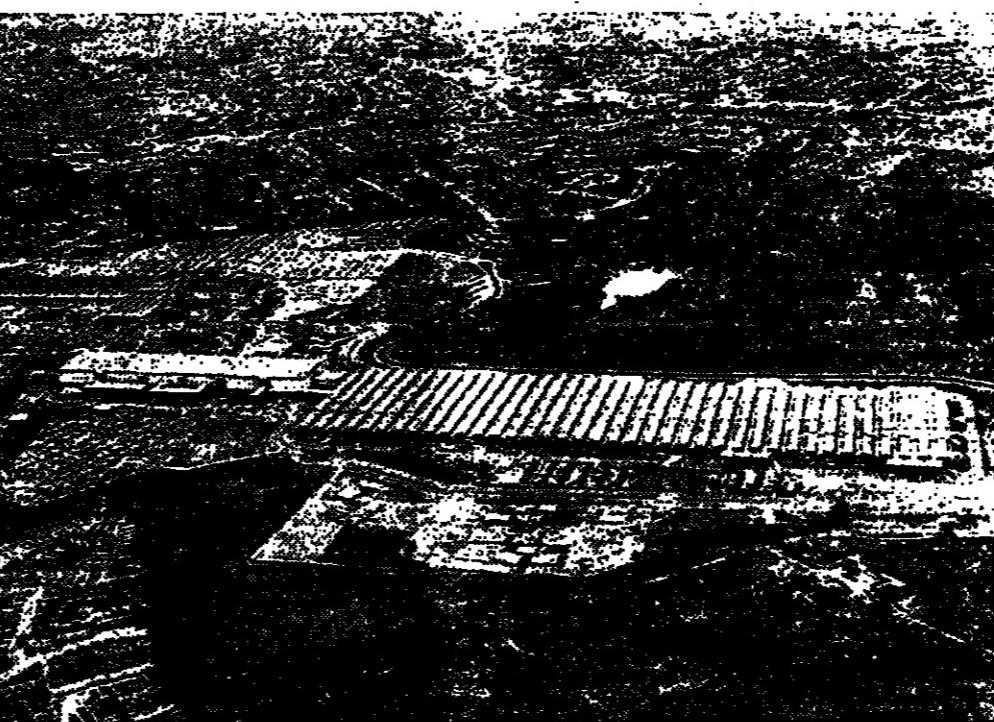
Conversely, of course, these marketing conditions present Leyland with an opportunity. There is a great deal of pent-up demand, particularly in British companies, for cars which are made domestically, and Leyland has now has the product that can satisfy this. The company also has a large enough distribution network to take on importers, and its prices—the Rover comes in at a base of £4,750—are now making most Continental vehicles, particularly German-produced models, look very expensive indeed.

Overseas, the difficulties and opportunities are even more exaggerated. On the debit side, Leyland still needs to put together a good distribution network on the Continent which is capable of sustaining the 4 per cent. or so sales that the Ryder Report talked of as an attainable plan for the group. It must also overcome the problems of supply and servicing problems which have given the group an unfortunate image in most markets.

On the credit side, however, the Continent represents a large new market for Leyland's executive range. The company has scarcely attacked it before with either the Rover or the Triumph

marque, and the potential for competitive pricing, and this

shared by the Volvo 264 characteristics. Leyland can add a car with such a characteristic



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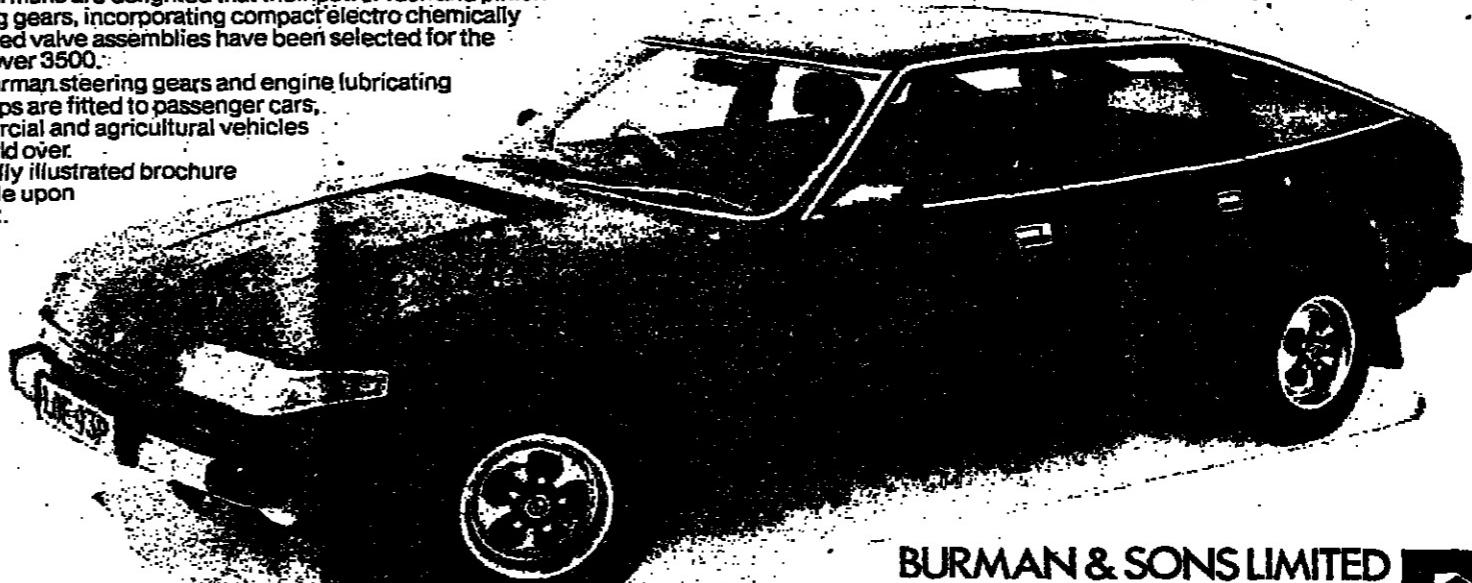
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## NEW MOTOR PLANT II

## Keeping the design options open

THE NEW Rover plant solution was designed to maximise throughput at fast line a novel method for dealing with French conveyancing and lift shops which provides joint system conceived by the French company Siteman, is to make both areas.

it was rejected because of the second floor and the ovens the lift operate in a virtually enclosed space which is kept under slight pressure to eliminate the induction of dust into both the paint and assembly plants to produce a higher quality product—the big facilities of the past 30 years have all been built for popular "volume" cars rather than specialist vehicles like the

scope for manufacturing a wide variety of models at the same time.

The three line system, while carrying some penalty in the need for extra floor space, means slower line speeds and preserves flexibility.

But the most significant claims made for the facility are concerned with the innovations it brings to the motor industry. With the Solihull complex, Rover has moved a significant step forward in improving environmental conditions, and has made considerable changes to conventional organisational techniques in both the assembly and paint shops.

## Flexibility

The two facilities adjoin one another, on the Solihull site, linked by a bridge, and both have been developed with flexibility of production one of the key considerations. Rover began with the concept that the plant must not be for one model alone; in the uncertain market of the 1980s, the company wanted to be in a position to keep its options open to manufacture cars of different sizes and specifications—if necessary in the one plant—at the same time.

This ideal was most difficult to achieve in the paint shop where engineering solutions, once adopted, could not be changed. But flexibility was retained here by designing a plant with sufficient capacity in the different process areas to take either long or short wheel base vehicles. The sledges on which the vehicles travel down the lines were designed for a wide range of body sizes.

In the assembly area flexibility was achieved by adopting a three-line lay-out. This solution was only reached after considerable internal argument: some groups within Leyland originally backed a plan to have one long assembly line, and a compromise on two lines was also discussed. The single line environmental

Carrier had to come up with Carrier technique, using linking the assembly and paint work stations.

the war in terms of size. Financially, at a cost of £27m, it probably exceeds any other vulnerability of the whole plant on the third. One of the extra specifications built into both the paint and assembly plants to produce a higher quality product—the big facilities of the past 30 years have all been built for popular "volume" cars rather than specialist vehicles like the

scope for manufacturing a wide variety of models at the same time.

The three line system, while

Carrier's solution was a lift. Bodies simply roll off the end of the painting lines, are hoisted up, and then roll into the ovens; when finished they go down for the next paint process and so on.

The lift method may seem a simple idea, but the difficulty is to keep the bodies, in a wet condition when they leave the paint lines, free from dust as they move up to be baked. The

process to the ovens above.

It is an extremely light building, mainly because the roof was designed in a castellated configuration with the sides of the turrets all glass, and Ley-

land believes that artificial light will rarely be needed during the working day. Rest areas are provided to the sides of the building on balconies, well away from the assembly lines, and around—they are then hoisted

away from the bustle and noise of the movement of components on the line as a group for organisational purposes and to allow the men within that group to alternate in their work. Supervision also falls within these work groups.

At the same time, the plant method

has been designed for relatively slow running lines with long cycle times for the assembly of four minutes a station, a system of group working that has been adopted in some Continental car factories. The

change is not unduly radical—indeed, Leyland's management

believes that the group method

of production in small self-contained units carries such a deal of thought has gone into

prohibitive cost penalties that

the quality question, which Ley-

land recognises as one of its

most serious problems. In the

Rover installation has got is paint shop this has also led to

the introduction of the thermo-

plastic system of painting for the

first time on a Leyland product

a method that is reckoned to

be about 30 per cent more ex-

pensive than traditional systems

of paint application, but gives

a brighter sheen. Although

General Motors has used this

time, no

other quality car manufacturer uses this technique which requires the lab application of four thin coats of paint rather than two ones, and then a baking which first makes the liquid and run together then hardens it. So in this should give the Rover something of a lead competitors.

Whether this lead is enough to the full will, of course, depend on many factors, in the ability of the Rover management and workforce to over-

come the immense challenges of a new plan

hired with a wholly new

But there is no doubt that both the paint shop and the assembly hall Rover has given the tools for the job.

At the same time, the plant method

for some time, no

## Major stimulus to employment

THE WEST MIDLANDS has unexpected buoyancy mainly by natural wastage and the highest percentage of home market. At the beginning of the year the size of the manufacturing industry in the country, set this year was being generally considered as a bigger than 1m. units. That consequently when a recession hits unemployment rises at a rate computed at not much more than 40 per cent—of incalculable value in stimulating employment at component suppliers and engineering workshops throughout the Midlands and further afield. About two-thirds of the total investment has been invested in tooling and developing the car and in modernising other Leyland Cars plants making the components.

If, however, it can keep production increases on target so as to have sufficient cars to sell on the home market then its market share, currently just over a quarter, should begin to regain more customary levels. If this happens then Leyland has the prospect of a lion's share of an expanding market, and this again will only be achieved with more labour.

## Manning

At the end of 1974 Leyland Cars had a labour force of 132,000 and it has been heavily criticised for over-manning in the sub-segments of independent suppliers which has helped either to create new jobs or Lord Ryder's report on British Leyland operations. In the sub-segments, however, conceals a quite important factor. The rundown of the operation has to be seen in the context of a larger Leyland Cars plan for the Midlands. The present Triumph factory at Coventry is being con-

verted to a major centre of the Rover 3500 line—that gets into its production workers, whereas gines, gearboxes and axles—so that the volume and Dolomite production is recruitment that will be concentrated on those actually concerned with manufacture.

## Unknown

The new Rover 3500 has so far given employment directly in the plant to about 1,500 people, of whom about a third are new recruits. It was indeed, the substantial element of newcomers that sparked off the strike against the well-intentioned, if misguided plan to raffle new cars among the workers. So far only one assembly line (of a projected three) in the new assembly building is being used for the new Rover and then only on one shift. The next stage in moving up output will be to put on a night shift, but to what extent this will require more recruitment is uncertain, for the operation has to be seen in the context of a larger Leyland Cars plan for the Midlands.

The present Triumph factory at Coventry is being converted to a major centre of the Rover 3500 line—that gets into its production workers, whereas gines, gearboxes and axles—so that the volume and Dolomite production is recruitment that will be concentrated on those actually concerned with manufacture.

## Confidence

Mr. Derek Whittaker, Cars managing director, of confidence for the story. "For the West Midland Cars the major concern of our activities is located increase in employment within Leyland Cars is reaching significance in area's future prospect said.

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Peter Cartwright  
Midlands Correspondent

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## The new Rover 3500.

*[Handwritten signature "J. Whittaker" is visible at the bottom center.]*



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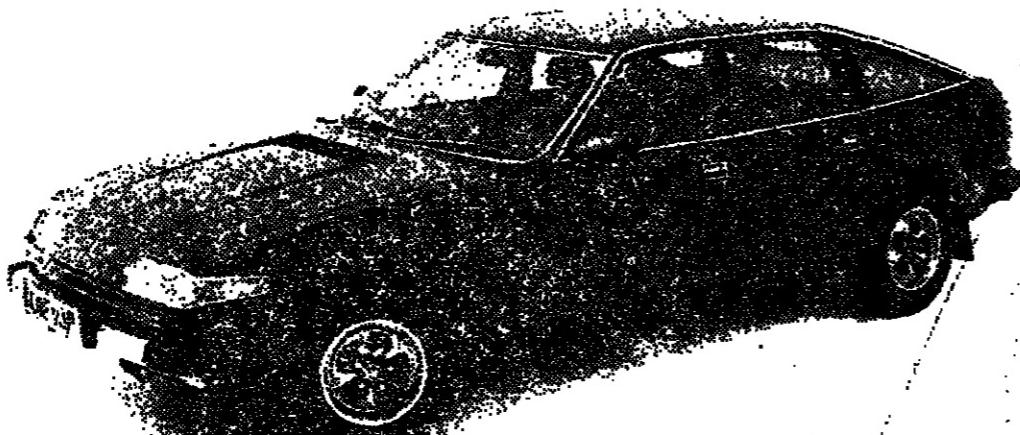
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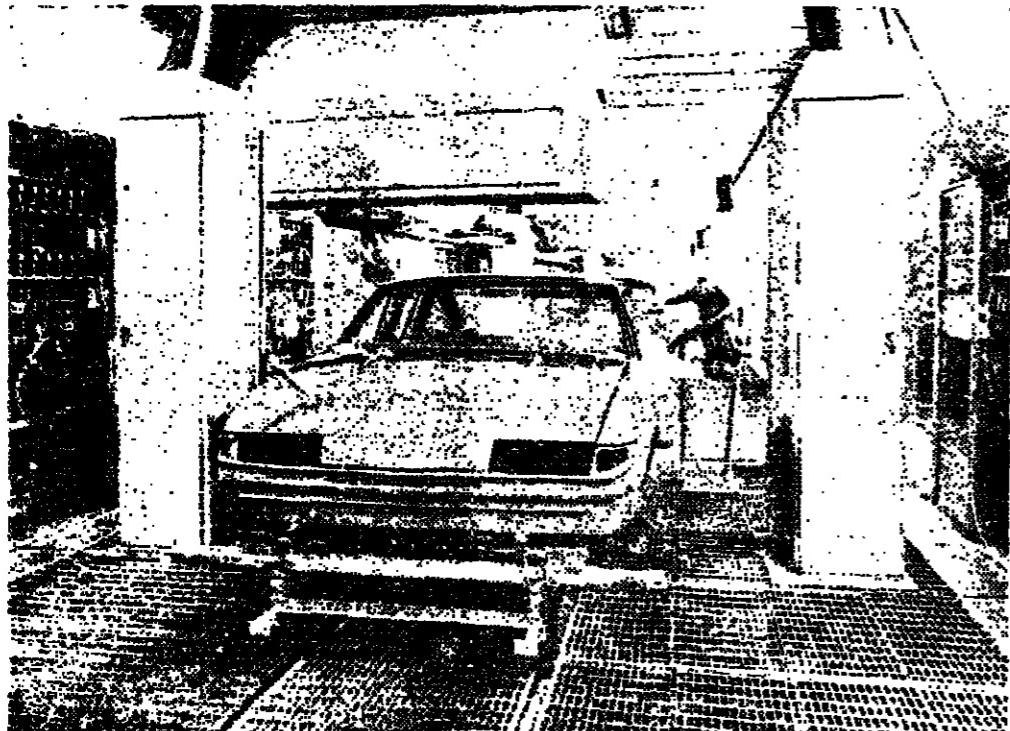
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**Opportune moment for  
a market revival**

FORTUNE HAS favoured followed the escalation of oil back in 1973, when markets in one respect prices in late 1973 that there were still highly parochial and protected by high tariff barriers, but is now a common trend for all kinds of new cars. Within Leyland itself the Rover established one of the main cornerstones on which the future model programme will be built. The new model will be the Rover 3500, which is in no sense a stopgap (as the Marina to some extent was in its attempt to capture fleet car business), and it is not a relatively small volume niche-filler like the Maxi. The model marks a full-blooded attempt by Leyland to get back in a big way into the executive market where it has lost so much ground. The Rover is also simple to service, fits the foreign manufacturers in recent years.

This revival is fortuitous for Leyland and other European manufacturers because of the new capacity they have laid down for cars like the Rover. Investment in the executive car sector has accelerated sharply in the past five years, and most producers now have something to offer in the field. Without some recovery in sales overall much of this new capacity planned in times when demand easily outstripped supply of executive vehicles might have had to be mothballed.

The rivals to the Rover—the new Renault 30, the Peugeot 604, the Lancia Gamma, the Audi 100 replacement and new BMWs—indicate another important characteristic of market trends to-day. All these vehicles have been planned as European cars, with style, fittings and ride characteristics which are acceptable overseas as well as at home. Indeed, many observers have taken the Rover for a Continental-produced car on first sight because of the aerodynamic lines which are so reminiscent of the Citroen model range. This is a far cry from the Rover 2000 and Triumph 2000 developments

For Leyland, this means that the Rover is being launched into a much more receptive market than seemed possible even six months ago. It was widely assumed during the darkest days of gloom that

company to produce one has on each site—the Rover (its replacement) at Solihull, Mini at Longbridge and medium-size vehicle or van at Cowley. To obtain variety, each would have derivatives; the idea is to produce "family" of cars on each. But the basic sheet steel mechanicals will be the same; thus achieving economies through a more streamlining process. The Rover plant set up at the moment a maximum throughput of 3,000 of the new vehicle week, has been flexibly designed to achieve different levels output with a different mix, and, indeed, to produce number of different models.

**Investment**

The scale of the investment at Solihull, which was clung to by the Leyland management during the days when its cash difficulties drew it inexorably into the hands of the Government given the company a major plant capable of making the

This plan for production really establishes the Rover as the quality car at the top end of Leyland's large volume manufacturing organisation, rather than a small specialist concern like Jaguar. And this means that in terms of Leyland's overall model strategy the car becomes the flagship for the company's sales organisation, and one of the base points around which the rest of the present confusing model range must be rationalised.

**Image**  
As a flagship the Rover has an essential role to play in Leyland's plans. The company arrangement, and the need to revitalise its image rationalise the car range. It after a period of producing a would be logical for the com-

Within the assembly p

bodies travel down the t

line and then are mated

with the engine and trans

sion sub-assembly on pa

lines on the return journey

are fed with sub-assembly

from the same part of factory.

The supply of compo

from outside is fairly typi

the British car industry, w

and the Leyland Longbi

plants has not invested wide

integrated factories capab

making most of the requi

**Anomaly**

The main anomaly and argument concerns the su

of bodies to the paint p

These come from Castle B

wich, about eight miles aw

Birmingham, because the R

site has no facility for e

panel pressing or body cons

Some economists

that car plants are more effi

ciently used than

with pressing and body plan

site, and few agree with the

of transporting finished bodi

effectively empty car o

between factories. There i

the question of whether

transportation exposes bodi

rusting atmospheric factors.

In effect, of course, Rover

little alternative, since the G

Bromwich plant is one of

land's main body facili

And from the rust point of

it transports bodies in en

panel lorries like large fu

vans which prevent any exa

to the outside atmosphere

any case, the British comp

is a distinguished pred

Cadillac, America's most fa

gious manufacturer, employ

similar method.

**Electrical**

Lucas, the British electrical

components company, was also

commissioned to design new

clusters of lights to blend in

with the aerodynamic shape of

the front, and a rear system to

integrate high intensity rear

foglamps in the rear cluster.

The new car also uses electronic

ignition designed by Lucas.

The Triplex safety windows

are another feature of the Rover

the first car to be fitted with

the so-called Ten Twenty

laminated

windscreen.

Announced two years ago after

a six year research programme

by Triplex, part of the Pilkington

main innovative

feature of the new windscreen

is the high-strength 2.3mm

inner glass ply of the wind

screen. This is bonded to a low

stress outer ply by a plastic

interlayer which gives high

penetration resistance. The idea

that a head on impact of the

screen makes the inner skin

break down into small, blunt-

edged granules which do not

break away from the plastic

interlayer, while the latter

cushions the impact and pre

vents the occupant from flying

out of the car.

Triplex also produces the

heated rear window on the car

which is reckoned to give the

largest heated area on any

British model.

Seating for the new car is pro

vided by Dunlopillo with its

latex foam process, and this is

trimmed in nylon velour. Specia

lly developed for the auto

industry by Jersey-Kapwood, a sub

sidiary of the Carrington Viyella

textile group, nylon velour has

proved a versatile material to

replace the plastics of five years

ago, and can be colour blended

and styled to suit the particular

car.

The new Rover, unlike its

predecessor, also uses rack and

pinion powered steering deve

loped by Burman; and almost in

evitably GKN supplies many

**CHLORIDE LORIVAL**congratulate Leyland Cars on  
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98.5	94.2	Treasury Corp 1977	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 1977	97.5	-2	.11	1.1		
103.5	93.5	Treasury Corp 1978	100.5	-3	.14	1.4		
99.5	97.0	Treasury Corp 1978	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 1978	97.5	-2	.11	1.1		
101.5	99.2	Treasury Corp 1979	97.5	-2	.12	1.2		
98.5	96.0	Treasury Corp 1979	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 1979	97.5	-2	.11	1.1		
102.5	99.2	Treasury Corp 1980	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 1980	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 1980	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 1981	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 1981	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 1981	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 1982	97.5	-2	.12	1.2		
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97.4	94.1	Electric Corp 1982	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 1983	97.5	-2	.12	1.2		
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97.4	94.1	Electric Corp 1983	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 1984	97.5	-2	.12	1.2		
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97.4	94.1	Electric Corp 1984	97.5	-2	.11	1.1		
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98.5	95.5	Treasury Corp 1985	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 1985	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 1986	97.5	-2	.12	1.2		
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98.5	95.5	Treasury Corp 1998	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 1998	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 1999	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 1999	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 1999	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 2000	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 2000	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 2000	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 2001	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 2001	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 2001	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 2002	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 2002	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 2002	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 2003	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 2003	97.5	-2	.12	1.2		
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103.5	99.2	Treasury Corp 2006	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 2006	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 2006	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 2007	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 2007	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 2007	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 2008	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 2008	97.5	-2	.12	1.2		
97.4	94.1	Electric Corp 2008	97.5	-2	.11	1.1		
103.5	99.2	Treasury Corp 2009	97.5	-2	.12	1.2		
98.5	95.5	Treasury Corp 2009	97.5	-2	.12	1.2		

## INDUSTRIALS—Continued

## INSURANCE

## PROPERTY—Continued

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## TRUSTS—Continued

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## MINES—Continued

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# FINANCIAL TIMES

Thursday August 5 1976

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## Anti-trust probe into U.S. car industry

BY JAY PALMER

NEW YORK, August 4.

THE U.S. car industry is to be investigated by the Federal Trade Commission. The study, the first by Federal authorities into the auto industry as a whole for 30 years, is likely to concentrate on Detroit's Big Three—General Motors, Ford and Chrysler—but it will also look into the practices of the leading importers.

The Commission said that the study will concentrate on "the economic structure of the American automobile industry as well as the economic performance of firms, both domestic and foreign, engaged in the manufacture and distribution of automobiles."

It stressed that its study had the blessing of the U.S. Justice Department's own anti-trust division, which has been looking at the car makers over the past few years, and said that "the matters to be investigated include pricing policies, scale economies, vertical integration and distribution practices."

To date two of the largest U.S. car makers both attacked the study as unnecessary. Mr. Thomas Murphy, General Motors chairman, said he deplored "the waste of public and private resources that the task will entail." Mr. Lee Iacocca, president of Ford Motor, called the break-up "unfortunate and unnecessary."

Mr. Owen Johnson, the Commission's Director for the Bureau

of Competition, the agency's main anti-trust arm, commented last month when the Commission disclosed that a staff recommendation for just such a move had been passed to the Justice Department for comment.

The department today confirmed that it had approved the study and was prepared to co-operate. It would step in only if the Commission uncovered evidence of criminal violations by auto makers.

### Quick start

The Commission said that its task-force, which has already started work, consists of about a dozen lawyers and economists, an unusually large number even for such an important study. The agency, as usual, stressed that the existence of a study does not imply that violations have already occurred."

A report is not expected to be completed for at least two years. If evidence of anti-trust violations is uncovered, the Commission could simply file suit to ban such practices from

continuing.

However, if it wished to take a harder line, it has the power to file law suits proposing major structural changes in the industry," such as the break-up of leading companies.

Mr. Owen Johnson, the Com-

mission's Director for the Bureau

within its agreed cash limit.

The corporation has been pressing for a speed decision from the Government about the stockpiling project. Last financial year delays in getting the scheme started resulted in only 282,000 tonnes of liquid steel worth £29m. being stocked, compared with the hoped-for 300,000 tonnes worth £70m.

Pressure had also been put on Mr. Varley by the Iron and Steel Group and other sector working parties taking part in the National Economic Development Office industrial strategy exercise.

Apart from helping with possible supply problems as the economy recovers, the stockbuilding programme will permit the corporation to maintain a higher level of production (and employment) while avoiding raw material prices and labour costs in future years.

Sir Monty Finniston gave reassurances about steel supplies at the National Economic Development Council meeting yesterday, only a few hours before Mr. Varley made his announcement.

## British Steel to spend £50m. on stockpiling scheme

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE BRITISH Steel Corporation will spend £50m. this year on a counter-cyclical stockpiling scheme. Government approval—and financial assistance—for the scheme was announced last night.

Mr. Eric Varley, Secretary for Industry, said the stocks would be in addition to the planned increase in the corporation's working stocks "and will provide a valuable further safeguard against difficulties in steel supplies during the upturn in the economy."

Sir Monty Finniston, chairman of the BSC, had earlier insisted that concern about possible steel supply problems appeared exaggerated at first sight. But the corporation was to have detailed discussions with users in an attempt to reassure them and head off any panic buying.

The new stockpiling scheme will be financed in the same way as the one which operated for part of the BSC's last financial year, partly by low-interest, medium-term loans from the National Loans Fund and partly in the form of Public Dividend Capital.

Mr. Varley told the House of Commons that the BSC intended to accommodate the

No fewer than 19 of the NEDO working parties had expressed concern about possible problems during the recovery.

The corporation's detailed financial year delays in getting the scheme started resulted in only 282,000 tonnes of liquid steel worth £29m. being stocked, compared with the hoped-for 300,000 tonnes worth £70m.

Pressure had also been put on Mr. Varley by the Iron and Steel Group and other sector working parties taking part in the National Economic Development Office industrial strategy exercise.

Apart from helping with possible supply problems as the economy recovers, the stockbuilding programme will permit the corporation to maintain a higher level of production (and employment) while avoiding raw material prices and labour costs in future years.

Sir Monty said the corporation had just completed "an exhaustive review" of the latter's anticipated semi-finished steel requirements up to 1978-79, going into considerable detail.

## Loophole in social security pact with Spain to be closed

BY JOHN HUNT

THE GOVERNMENT is acting immediately to close a loophole in social security regulations which makes it possible for people to claim U.K. unemployment benefit while holidaying in Spain.

After a storm of protest arising from wide publicity given to the regulations yesterday, the Press reports were part of a concerted campaign mounted by the Opposition to discredit the reciprocal social security agreement with Spain.

In answer to a Private Ques-

tion from Mr. Patrick Jenkins, the Tories mounted a big attack on Mr. David Ennals, Social Services Secretary. They said the agreement had been slipped through in April last year without MPs having a chance to consider or approve it.

Mr. Ennals said angrily that the regulations were part of a concerted campaign mounted by the Opposition to discredit the reciprocal social security agreement with Spain.

### Weather

U.K. TO-DAY  
MAINLY dry with sunny spells. Cloud or rain in N. London, S.E. Cen. S. England, E. Anglia, Midlands. Dry and sunny. Wind N.W. N. Wales, N.W. Cen. N. England, Lake Dist., Isle of Man, Scotland, N. Ireland. Bright or sunny intervals. Scattered showers. Near normal. Max. 19C (66F).

Outlook: Dry in S. showers in N. Wales, N.W. Cen. N. England, Lake Dist., Isle of Man, Scotland, N. Ireland. Bright or sunny intervals. Scattered showers. Near normal. Max. 19C (66F).

E. N.E. England, Borders, Aberdeen, Edinburgh, Dundee, Bright or sunny spells. Some rain. Near normal. Max. 19C (66F).

Lighting-up: London 21.13, Manchester 21.30, Glasgow 21.48, Belfast 21.50.

HOLIDAY RESORTS

	Y'day	Mid-day	Mid-night	Y'day	Mid-day	Mid-night	
Alexandria	5	14	23	Aleppo	5	14	23
Algeria	5	14	23	Istanbul	5	14	23
Algiers	5	14	23	Jersey	5	14	23
Bilbao	5	14	23	Las Palmas	5	14	23
Brussels	5	14	23	Blackpool	5	14	23
Catania	5	14	23	Boulogne	5	14	23
Cardiff	5	14	23	Malaga	5	14	23
Cologne	5	14	23	Tarifa	5	14	23
Dublin	5	14	23	Narros	5	14	23
Durban	5	14	23	Nicosia	5	14	23
Edinburgh	5	14	23	Palma	5	14	23
Frankfurt	5	14	23	Paris	5	14	23
Genoa	5	14	23	Perth	5	14	23
Glasgow	5	14	23	Prague	5	14	23
Hamburg	5	14	23	Salisbury	5	14	23
Hong Kong	5	14	23	Guansey	5	14	23
Jersey	5	14	23	Tanzer	5	14	23
Lisbon	5	14	23	Unsworth	5	14	23
London	5	14	23	Tenerife	5	14	23
Luxembourg	5	14	23	Vancouver	5	14	23
Milan	5	14	23	Venezuela	5	14	23
Montreal	5	14	23	Vienna	5	14	23
Montevideo	5	14	23	Wales	5	14	23
Paris	5	14	23	Zurich	5	14	23
Perth	5	14	23				
Poitiers	5	14	23				
Rome	5	14	23				
Salisbury	5	14	23				
Santiago	5	14	23				
Singapore	5	14	23				
Sydney	5	14	23				
Toronto	5	14	23				
Tokyo	5	14	23				
Tunis	5	14	23				
Vancouver	5	14	23				
Venezuela	5	14	23				
Vienna	5	14	23				
Wales	5	14	23				
Zurich	5	14	23				

## Shetland official may be full-time BNOC director

BY RAY DAFTER, ENERGY CORRESPONDENT

MR. IAN CLARK, chief executive of the Shetland Islands Council, is expected to be appointed a full-time director of the State-owned British National Oil Corporation.

The appointment, likely to cause a stir in the oil industry, is awaiting Government ratification, but an announcement is likely soon. Neither the Department of Energy nor the corporation would comment yesterday.

Mr. Clark, aged 38, and already a part-time Board member, will probably be based at the corporation's new Glasgow headquarters.

So far the corporation has failed to recruit a top oil man to be its chief executive. Consequently Lord Kearton is combining his position as chairman of the BNOC Executive Board.

Mr. Clark's move would heighten industry speculation that he may be a candidate for the chief executive's post in due course. He has already established a reputation among international oil companies for being a tough negotiator.

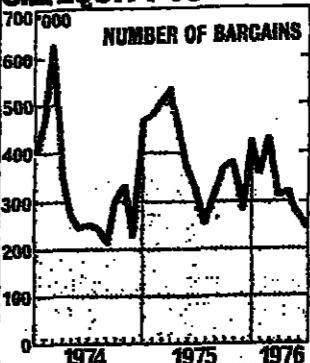
Credentials on trial, Page 14

## THE LEX COLUMN

## Brokers running into the red

Index rose 4.8 to 373.2

### S.E. EQUITY TURNOVER



ing, evident in a 34 per cent rise in interim profits. On

basis it seems "fully justified in rather more than double this year's dividend to a level which is 13 per cent more than the notional income received under the Dentply bid."

However Dentply's offer was made in the expectation of significantly higher profits for ADI in 1975 those which were not achieved—and when it through, ADI promptly dropped over a quarter below the price. The terms may be themselves attractive enough to make big shareholders BOC ignore their & advice: the prospective yield could be in single figures the yield is 6.6 per cent around a quarter of

shareholdings in Australia to around 50 per cent. But the time period, which underlines the extent to which the small investor has pulled out of the market of assets to Australians on

At current business levels very terms that were "palpably less than they were worth. It seems unlikely that RTZ could repeat its success in the CRA/AMES exercise with enthusiasm about the market's other large Australian interests. In Bougainville Copper

there is a large Government minority stake and in the case of Comalco and Hamersley, the

Cominco Rio Tinto's (CRA) Kaiser interests are not likely to suffer for the minority stake in

Australian Mining and Smelting (AMAS) fits in with RTZ's declared policy of increasing the level of Australian ownership.

The move by CRA, which is RTZ's largest subsidiary and bid, Dentply seems to be no set has a relatively n

group earnings, will dilute International. The latest twist W & N has yet to reflect

to 7.26 per cent. But how much as "wholly inadequate" offer erodes. Worth 106p last further this can be reduced at present is arguable.

Sir Mark Turner said at to December, and which was subsequently dropped owing to

though the foreign investment financing difficulties. Its main explanation for this starting change of heart is its claim that

RTZ still intended to reduce its marked improvement in traditio

£1.2m. last April.

Redletset/W & N Letraset's name has linked with that of Wins Newton often enough in past, and yesterday's bid t

former probably makes a sense. It adds distri

Two years after it first an

RTZ's annual meeting that subsequently dropped owing to

though the foreign investment financing difficulties. Its main explanation for this starting change of heart is its claim that

RTZ still intended to reduce its marked improvement in traditio

£1.2m. last April.

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